

DOCUMENT RESUME

ED 441 884

UD 033 549

AUTHOR Frey, William H.; DeVol, Ross C.
TITLE America's Demography in the New Century: Aging Baby Boomers and New Immigrants as Major Players. Milken Institute Policy Brief.
INSTITUTION Milken Inst. for Job and Capital Formation, Santa Monica, CA.
REPORT NO MI-PB-9
PUB DATE 2000-03-08
NOTE 62p.
AVAILABLE FROM Milken Institute, 1250 Fourth Street, Santa Monica, CA 90401-1353 (\$10). Tel: 310-998-2600; Fax: 310-998-2627; e-mail: publications@milken-inst.org; Web site: <http://www.milken-inst.org>.
PUB TYPE Numerical/Quantitative Data (110) -- Reports - Descriptive (141)
EDRS PRICE MF01/PC03 Plus Postage.
DESCRIPTORS Aging (Individuals); Asian Americans; *Baby Boomers; Blacks; *Demography; Hispanic Americans; *Immigrants; Immigration; Migration; *Population Trends; Retirement; Tables (Data)
IDENTIFIERS African Americans; California

ABSTRACT

America's demography in the new century will be affected by the aging baby boom generation and by new immigrants. Focus on just the national implications of aging baby boomers and the new immigrants is inadequate. This policy brief takes a regional perspective, examining recent trends and population statistics and making the case that aging baby boomers and new immigrants are creating regional demographic divisions that will be just as important as old distinctions such as city versus suburb or rural versus urban. The new demographic divisions will encompass entire metropolitan areas and states, distinguishing between melting pot regions and heartland regions. Section 1 of the report presents an "Introduction." Section 2, "Reaching the 'Tail of the Python'," focuses on "The 'Yuppie Elderly' among Today's Retirees"; "New Metro Growth Areas for Seniors"; and "When Boomers Become Seniors." Section 3, "Immigration and 'Multiple Melting Pots'," discusses "Immigrant and Domestic Migrant Magnets"; "Growing Ethnic Markets"; "Melting-Pot Metros"; and "California and the Rest of the West." Section 4, "Economic, Marketing and Political Implications," discusses "Baby Boomers as Retirees"; "Hispanics as Consumers"; and "Asian Consumers Emerge." Section 5 presents "New Regional Demographics." (Contains 39 references.) (SM)



MILKEN INSTITUTE

POLICY BRIEF

AMERICA'S DEMOGRAPHY IN THE NEW CENTURY: AGING BABY BOOMERS AND NEW IMMIGRANTS AS MAJOR PLAYERS

March 8, 2000

Number 9



U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION
CENTER (ERIC)

☒ This document has been reproduced as
received from the person or organization
originating it.

☐ Minor changes have been made to
improve reproduction quality.

• Points of view or opinions stated in this
document do not necessarily represent
official OERI position or policy.

PERMISSION TO REPRODUCE AND
DISSEMINATE THIS MATERIAL HAS
BEEN GRANTED BY

Skip Rimer
Milken Institute

TO THE EDUCATIONAL RESOURCES
INFORMATION CENTER (ERIC)

By William H. Frey and Ross C. DeVol

BEST COPY AVAILABLE

AMERICA'S DEMOGRAPHY IN THE NEW CENTURY: AGING BABY BOOMERS AND NEW IMMIGRANTS AS MAJOR PLAYERS

March 8, 2000

**By
William H. Frey and Ross C. DeVol**

William Frey is a Senior Fellow at the Milken Institute and Ross DeVol is
Director of Regional and Demographic Studies at the Milken Institute.



MILKEN INSTITUTE

ACKNOWLEDGMENTS

The authors wish to acknowledge programmer-analyst Cathy Sun and assistants at the Population Studies Center, University of Michigan, for their compilation of U.S. Census data sources for this report; and John Catapano and Greg Robitshek of the Milken Institute for their help.

Copyright © 2000 by the Milken Institute.

Milken Institute
1250 Fourth Street
Santa Monica, California 90401-1353

For complete ordering information for this and all Milken Institute publications, please see our Web site at www.milken-inst.org or contact us by email (publications@milken-inst.org), telephone (310.998.2600), or in writing.

The Milken Institute's mission is to explore and explain the dynamics of world economic growth. Our goal is to provide understanding of and insights into the effects of economic, political, technological, and regulatory changes on the world economy and its societies as a basis for better public policy.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	v
INTRODUCTION	1
REACHING THE "TAIL OF THE PYTHON"	4
The "Yuppie Elderly" Among Today's Retirees	6
New Metro Growth Areas for Seniors	9
When Boomers Become Seniors	13
IMMIGRATION AND "MULTIPLE MELTING POTS"	17
Immigrant and Domestic Migrant Magnets	18
Growing Ethnic Markets	21
Melting-Pot Metros	24
California and the Rest of the West	25
ECONOMIC, MARKETING AND POLITICAL IMPLICATIONS	31
Baby Boomers as Retirees	31
Hispanics as Consumers	36
Asian Consumers Emerge	40
NEW REGIONAL DEMOGRAPHICS	43
REFERENCES	50

EXECUTIVE SUMMARY

America's demography in the new century will be affected by two major players. One is the baby-boom generation — 76 million strong — that is poised to enter "seniorhood" in the next decade. Just as in their youth and middle age, boomers soon will be transforming elderly consumption patterns, social mores and national politics in fundamental ways.

The second major player will be the "new immigrants." In response to changes in the nation's immigration law and global economic forces, immigration to the United States has accelerated dramatically during the last decade, especially from Latin America and Asia. This new racial and ethnic diversity will exert a profound effect on the nation's economy in the decades to come.

Yet, focus on just the national implications of aging boomers and the new immigrants misses the most important part of the story. Some say that we will become a "nation of Floridas" or a "nation of Californias," that all states will have aging populations similar to Florida's and that they all will house new immigrant minorities resembling California's ethnic polyglot population.

This policy brief takes a regional perspective that shows that both of these national forecasts miss the mark. By examining recent trends, along with the latest population statistics, we make the case that aging boomers and new immigrants are creating regional demographic divisions that will be just as important as old distinctions such as city versus suburb or rural versus urban. The new demographic divisions will encompass entire metropolitan areas and states — distinguishing between "melting-pot regions" and "heartland regions."

Melting-pot regions will become increasingly younger, multi-ethnic and culturally vibrant. They include California, Texas, southern Florida, the eastern seaboard and Chicago. Heartland regions will become older, more staid and less ethnically diverse. These areas encompass growing parts of the sunbelt — economically vibrant states of the New West and New South, as well as declining areas of the farm belt and rust belt. Immigrant assimilation and acculturation still will occur, but within the context of "multiple melting pots" rather than a single, nationwide melting pot. At the

America's demography in the new century will be affected by two major players — baby boomers and new immigrants.



Aging boomers and new immigrants are creating regional demographic divisions that will be just as important as old distinctions such as city versus suburb or rural versus urban.



Melting-pot regions will become increasingly younger, multi-ethnic and culturally vibrant. Heartland regions will become older, more staid and less ethnically diverse.

Over the next 25 years the elderly population will increase by almost 80% due to aging baby boomers.



Boomer-driven elderly growth through 2025 will be dominated by western states, led by Utah, where the senior population will increase by 143% during the next 25 years.



Just 10 of the nation's metropolitan areas attracted two-thirds of all immigrants between 1990 and 1998.

same time, the aging boomer population will grow fastest in regions of the heartland.

Over the next 25 years the elderly population will increase by almost 80% due to aging baby boomers.

The greatest boomer gains will be made by the upscale "yuppie elderly" — age categories 65 to 74 — increasing by 16 million between 2010 and 2030. Many boomers will begin the transition to elderly lifestyles in the present decade.

Selective retirement migration as well as uneven "aging in place" will accelerate elderly growth in most of the New West and New South, spreading beyond traditional retirement magnets.

Examples:

- In the 1990s, 19 of the 30 fastest-growing elderly populations occurred in southern and western metropolitan areas outside Florida and Arizona. The elderly population in Las Vegas grew by 65% between 1990 and 1998.
- Boomer-driven elderly growth through 2025 will be dominated by western states, led by Utah, where the senior population will increase by 143% during the next 25 years.

Boomer growth due to aging in place will be most dramatic in the suburbs. Parents of baby boomers already show this pattern:

- From 1990 to 1998, 21 of the 30 counties with the fastest elderly growth occurred in the suburbs, particularly communities near Denver, Atlanta, Washington D.C., Houston and Dallas.

The spreading out of aging boomers to New South and New West regions is contrasted by the clustered settlement of new immigrant minorities from Latin America and Asia. This clustering is due to our immigration laws which emphasize family ties as entry criteria and because Latin American and Asian nations dominate as countries of origin. Although there is some outward diffusion of new immigrants, most continue to concentrate in traditional ports of entry such as Los Angeles and New York.

Here are some of the latest statistics:

- Just 10 of the nation's metropolitan areas attracted two-thirds of all immigrants between 1990 and 1998, even though these metros

house only 30% of the U.S. population. Eight of these 10 areas actually lost more U.S. domestic migrants than they gained. (Domestic migration refers to migration within the U.S., comprised primarily of native-born residents).

- New York gained 1.3 million immigrants net, but lost 1.7 million domestic migrants from 1990 to 1998. Los Angeles gained 1.1 million immigrants and lost 1.5 million domestic migrants.

Domestic migrants are not necessarily "fleeing" immigrants, but are less anchored to gateway areas than the recent foreign born. Because they are more "footloose," U.S.-born domestic migrants are better able to follow recent job growth trends.

Over the 1990-1998 period, metro areas with greatest domestic migration were Atlanta, Las Vegas and Phoenix. Of the 14 greatest "domestic migrant magnets," only Dallas also received a significant number of immigrants.

These immigration and domestic-migration trends lead to a continuing divide between the heartland and immigrant gateway regions. For example:

- Just 10 metropolitan areas house fully 58% of the U.S. Hispanic population. These gateway areas continue to attract more than half of all Hispanics to the United States. The greater Los Angeles area is home to one-fifth of U.S. Hispanics.
- Ten metro areas, led by Los Angeles, New York and San Francisco, house 61% of all U.S. Asians. These areas accounted for 60% of Asian growth in the 1990s. Much of this gain is related to technology-driven economic growth.
- Gains in the white population in the 1990s were greatest in Atlanta and Phoenix. New York and Los Angeles each lost more than 400,000 whites between 1990 and 1998.
- African Americans are moving back to the South, increasing their concentration in that region. Atlanta, Washington D.C. and Houston attracted large numbers of blacks in the 1990s.

These trends highlight a few "multiple melting pot" metro areas that will be the locus of assimilation and acculturation in the 21st century. They also will be prime targets for companies that wish to market products to Hispanics and Asians.

Over the 1990-1998 period, metro areas with greatest domestic migration were Atlanta, Las Vegas and Phoenix.



Just 10 metropolitan areas house fully 58% of the U.S. Hispanic population.



Ten metro areas, led by Los Angeles, New York and San Francisco, house 61% of all U.S. Asians.

We have identified 21 multiple melting-pot metros. The largest include New York, Los Angeles, Chicago, Washington, D.C., San Francisco, Dallas, Houston, Miami and San Diego.



The Hispanic community is one of the most under-appreciated market segments by American corporations.



The Asian market is becoming more attractive to upscale marketers.

We have identified 21 multiple melting-pot metros. The largest include New York, Los Angeles, Chicago, Washington, D.C., San Francisco, Dallas, Houston, Miami and San Diego.

Interracial marriage should be most prominent within these multiple melting-pot metros and states. In 1998, 23% of all mixed-race couples lived in California.

The dynamics between multi-ethnic California and "the rest of the West" illustrate important aspects of the new demographic divide. As a melting-pot region with strong trading links to Asia and Latin America, California is the West's window on the dynamic, global economy. Yet, it also provides an overflow of people and consumer items to the growing, economically diverse western states that increasingly will attract entrepreneurs, knowledge workers and the yuppie elderly to its high-amenity communities. This symbiotic economic relationship is bound to continue to develop between these two very distinct regions. The same pattern likely will emerge between the nation's other multiple melting-pot regions and the heartland.

Aging baby boomers and new immigrants and their offspring will change the economic and political landscape. These groups' purchasing patterns of products and services will vary immensely.

Today's elderly spend a larger proportion of their budget on health care and housing. The 75-and-over group spends more of its budget on health care than the 65-to-74 age group. Providers of health care products and services must be aware of the locations of retiring boomers. Baby boomers will be different from today's retirees in the area of travel. Baby boomers will enjoy a more active lifestyle and spend greater amounts on travel.

The Hispanic community is one of the most under-appreciated market segments by American corporations. While American corporations have been fighting over the yuppie, soccer mom and senior markets, they have virtually ignored the fastest-growing market in absolute numbers and one of the most profitable. An analysis of Hispanic spending patterns relative to other demographic groups reveals that they spend more on food, utilities and shelter, even after adjusting for income and family size.

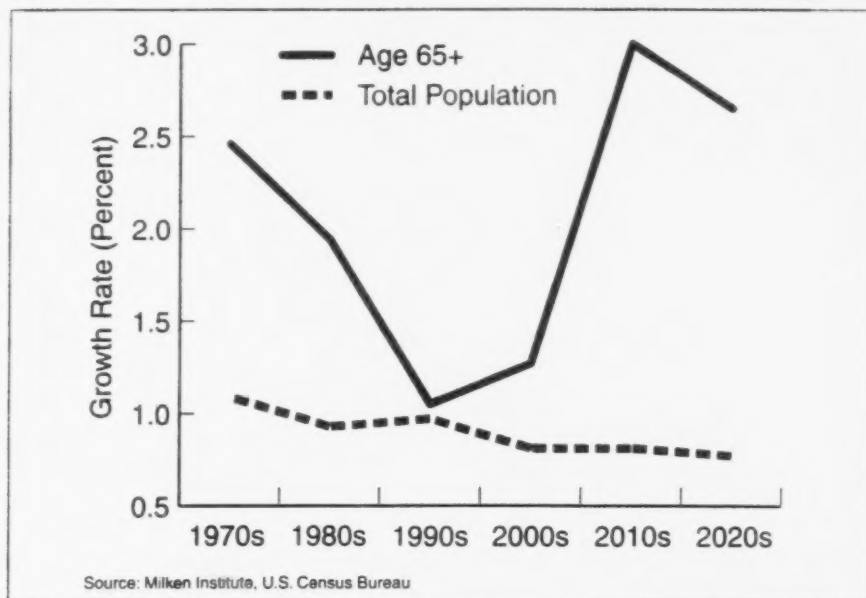
The Asian market, generally thought to be too small by market researchers just 20 years ago to warrant much research, has exploded in recent years. The Asian market is becoming more attractive to upscale marketers because of its higher education and income.

INTRODUCTION

"Demography is Destiny." This means that we can predict a great deal about our future economic, social and political realities on the basis of what we know about our present. As we enter the new century, America's demographic present is dominated by two groups. First, the huge baby-boom cohorts, born between 1946 and 1964, will be entering their senior years. In the past, this generation has stormed its way through the nation's school systems, labor market, housing market and stock market, transforming consumption patterns, social mores and national politics along the way. The impact of this "generation of free agents" likely will be just as profound as they approach their retirement years (Russell 1993).

As the baby-boom generation ages, it will remain unique in many aspects. Higher wealth accumulation and fewer children will permit many to enjoy a retirement lifestyle significantly different from any previous generation. What they buy and where they retire will have significant implications for firms seeking to market to them.

Figure 1
Projected Elderly Growth Trends, 1970–2030
Annual Average Growth Rate for Decades



This generation has stormed its way through the nation's school systems, labor market, housing market and stock market, transforming consumption patterns, social mores and national politics along the way.

Higher wealth accumulation and fewer children will permit many to enjoy a retirement lifestyle significantly different from any previous generation.

What they buy and where they retire will have significant implications for firms seeking to market to them.

In response to changes in the nation's immigration law and new global economic forces, immigration to the United States has accelerated dramatically over the last decade.

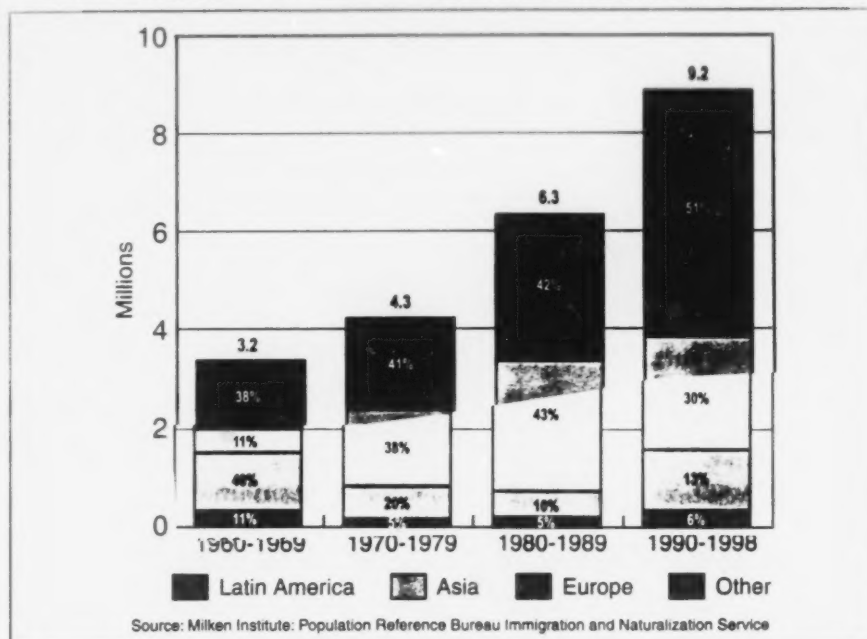


The new immigrants and their children should account for more than half of the 50 million additional residents who will be added to our population during the next 25 years.



Today's ethnic minority immigrants are attempting to maintain their cultural identities.

Figure 2
U.S. Immigration by Region of Birth
Millions of Immigrants, 1960s-1990s



The second important demographic player will be the new immigrants, who began arriving in the mid-1960s. In response to changes in the nation's immigration law and new global economic forces, immigration to the United States has accelerated dramatically over the last decade. Prominent countries of origin are now Latin American and Asian nations (Martin and Midgley, 1999). The new immigrants and their children should account for more than half of the 50 million additional residents who will be added to our population during the next 25 years. Perhaps just as important are the social and political impacts from this infusion of young, racially diverse newcomers.

These new immigrants appear to be unlike their European predecessors. Past European immigrants felt acculturation was necessary in order to succeed economically and socially. Many "Americanized" their names to blend in. However, today's ethnic minority immigrants are attempting to maintain their cultural identities. Assimilation is not viewed as essential in order to succeed (Miller 1993). The slower assimilation rate of today's immigrants also stems from their cultures being so different from the prevailing U.S. culture. This is altering the traditional view of America as one giant melting pot — where all ethnic groups mix their cultural characteristics together — into the view that is better be described as

a salad bowl, or multiple melting pots. Since significant aspects of national identities are maintained, distinct regional and ethnic marketing strategies are necessary.

Much already has been written about the impact that baby boomers and new immigrants will have on our economy and institutions in coming decades. Yet, most of these forecasts have focused on national implications. In the case of aging boomers, for example, a great deal of attention has been paid to their impact on federal entitlement programs like Social Security, Medicare and Medicaid (Peterson, 1996; 1998; National Academy on an Aging Society, 1999). Similarly, discussions of immigration's impacts have dwelt on how the nation's consumer markets and political issues will be swayed by a more diverse national population (Salins 1997). While this focus provides the broad view, it misses important distinctions that will emerge as the baby boomers age and as new immigrants cluster, in sharply different ways, across the nation's regions and markets.

This policy brief takes a regional perspective toward the new demography shaped by aging boomers and new immigrants. The contention that we will become a "nation of Floridas" (Peterson 1996) misses the point that, upon retirement, the boomer population will be distributed unevenly across the country. A few, well-off yuppie elderly boomers will select high-amenity locations primarily in the Sun Belt. Most of the others will "age in place" — passively remaining in their lifelong residence. In other words, where most boomers work today is a good approximation of where they will retire in 10 years.

If we are not becoming a "nation of Floridas," will we become a "nation of Californias"? Another misconception holds that immigration patterns will transform the nation into a polyglot like California — that continued waves of immigrants will reinvent the traditional melting pot from coast to coast. Again, this view ignores statistics that show continued clustering of foreign-born immigrants into a handful of metropolitan areas. At the same time, native-born and longer-term, mostly white and black residents will disperse to jobs in other parts of the country.

These separate immigrant and domestic migration processes are creating a new divide that will separate "immigrant gateways" from the rest of the country. These gateways will become increasingly younger, multi-ethnic and multi-cultural compared with white or white-black regions that have an older, more middle-class populations. The single melting-pot view will be supplanted by multiple melting pots located apart from a less diverse middle America.

The contention that we will become a "nation of Floridas" misses the point that, upon retirement, the boomer population will be distributed unevenly across the country.



Statistics show continued clustering of foreign-born immigrants into a handful of metropolitan areas.



These separate immigrant and domestic migration processes are creating a new divide that will separate "immigrant gateways" from the rest of the country.

Now, at least for the older boomers, the tail of the python is in sight.



Consumption will switch to travel, financial services, health care and smaller homes.



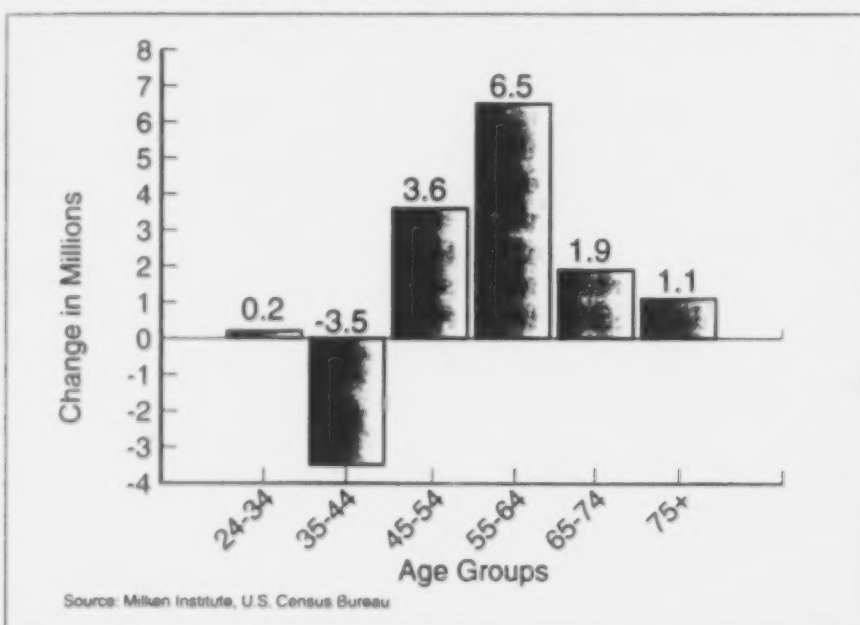
Early boomers will inflate dramatically the size of the 55- to 64-year-old age groups.

REACHING THE "TAIL OF THE PYTHON"

The baby-boom generation often has been characterized as "the pig in the python." As it advanced to each new stage, the ripple effects were felt throughout the economy. Now, at least for the older boomers, the tail of the python is in sight. The ripple effects no longer will be felt in schools, trade-up homes and luxury cars. Their consumption will switch to travel, financial services, health care and smaller homes.

Figure 3 shows the projected changes in households for the next decade. Early boomers will inflate dramatically the size of the 55- to 64-year-old age groups. Many will make the transition from "empty nesters" to retirees. Some will retire from their regular jobs, but probably not completely. Recent trends show that retirement is phased in through transition or "bridge" jobs, part-time work and self employment (Quinn 1997). Some people will begin moving to places where they may wish to retire (Bures 1997).

Figure 3
Household Changes in the Next Decade



The second-largest gaining group includes younger baby boomers who are aging into their prime career and earning stages (45-54) in the next decade. Many will be looking to upgrade their housing. More will be empty nesters, giving them more mobility.

While these two boomer groups will dominate household gains in the next decade, those born around World War II are entering their retirement years. They share with today's elderly (discussed below) the good fortune of entering adulthood during the prosperous 1950s and 1960s. Their consumption and location preferences will be followed by the boomers.

The dominance of the baby boomers as they age can be accurately projected for the next 30 years. (See Figures 4 and 5) The 45- to 54-year-old empty-nesters will turn from a large-gaining to a large-declining consumer market between 2010 and 2020 as the smaller "Generation X" moves into that age group. The pre-elderly, 55- to 64-year-old group, will stay large for the next two decades as both halves of the boomer generation pass through.

In assessing how the boomers will affect the post-65 age groups, it is important to make a distinction between the "yuppie elderly" and the "needy elderly." The yuppie elderly are most prevalent in the

The second-largest gaining group includes younger baby boomers who are aging into their prime career and earning stages (45-54) in the next decade.



The 45- to 54-year-old empty-nesters will turn from a large-gaining to a large-declining consumer market between 2010 and 2020.



The pre-elderly, 55- to 64-year-old group, will stay large for the next two decades as both halves of the boomer generation pass through.

Figure 4
Population Changes in the Next Three Decades

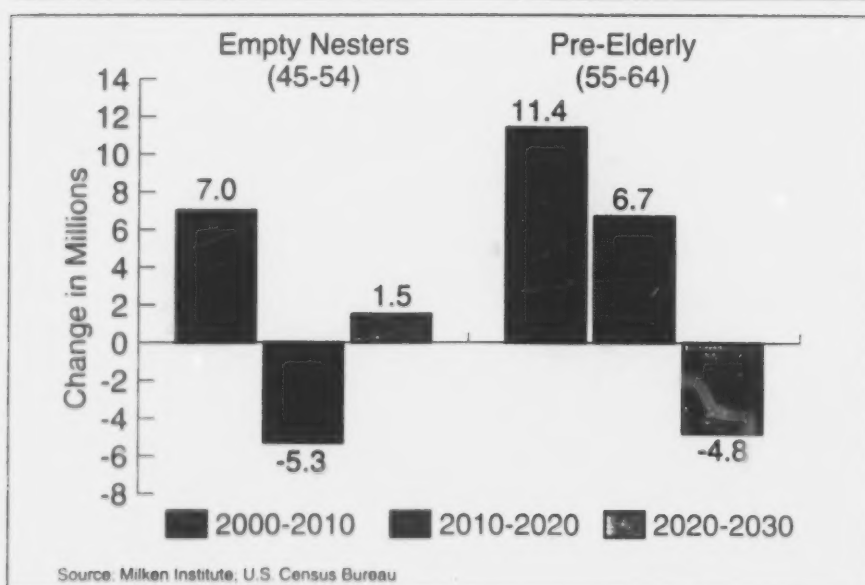
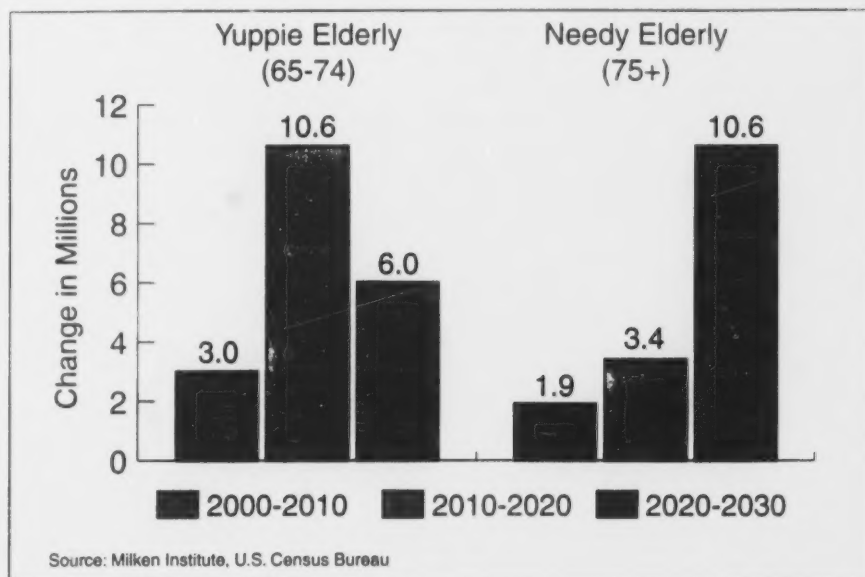


Figure 5
Population Changes in the Next Three Decades



In the second and third decades of the new century, the baby boomers will inflate dramatically the yuppie elderly ranks of the population.

■ ■ ■

Not all senior citizens represent a financially attractive market, or a tax-base gain for their communities.

65-74 age group. More than half of them are married. They are generally in good health and have high disposable incomes. The needy elderly are typically older than 75. They are mostly widows and dependent on the assistance of their families and other social institutions.

In the second and third decades of the new century, the baby boomers will inflate dramatically the yuppie elderly ranks of the population. They will be one of the most sought-after markets for retirement communities and other consumer items. Yet, as in their younger days, elderly boomers will exhibit sharp disparities in their ability to afford a comfortable lifestyle.

The "Yuppie Elderly" Among Today's Retirees

Not all senior citizens represent a financially attractive market, or a tax-base gain for their communities. There is a sharp division between the more recently retired elderly and older seniors. This distinction will continue, but the huge boomer population also will have economic divisions as they age.

The distinctions within today's senior population can be explained, in part, by more education and more secure pensions available to people who entered the workforce after World War II. The 65- to 74-

year-old yuppie-elderly segment of this group is especially advantaged. They entered the work force in the prosperous post-war period. Many bought homes that increased dramatically in value in the 1960s and 1970s. The GI Bill helped make this group the most highly educated elderly in history. Large numbers of men retained jobs with good company benefits and pension plans throughout most of their working lives. In contrast, the middle elderly (75- to 84-year-olds) and oldest old (ages 85 or older) spent most of their working lives during the World War II or the Depression. They accumulated fewer benefits and earnings and are less able to benefit from the recent medical breakthroughs that have increased the life expectancy of today's newest retirees.

Today's young elderly are distinguished not only by their higher levels of education, but also by their withdrawal from the labor force. They are rational planners for their elderly years, both financially and for their health care. Perhaps the greatest change between today's young elderly and new retirees of earlier periods is the way they approach retirement. The percentage of working elderly males declined precipitously over the last four decades due to the availability of full Social Security benefits and private pension plans. An especially important incentive for early retirement — Social Security benefits at age 62 — was instituted in 1961 (Quinn 1997).

Table 1
Education and Labor Force Participation
for U.S. Elderly, 1960-1999

	Education Attainment (a)		Percent in Labor Force	
	High School Grad+	Some College+	Men	Women
Age 65+ for year				
1960	19%	10%	30.9%	10.3%
1980	39%	18%	19.2%	8.2%
1999	68%	33%	16.2%	9.7%
Age in 1999				
65-74	72%	36%	22.5%	15.4%
75-84	65%	31%	7.8%	4.1%
85+	53%	26%	4.8%	0.9%

(a) Percent of population in category

Source: Milken Institute, U.S. Censuses, U.S. Census Bureau Current Population Survey

The 65- to 74-year-old yuppie-elderly segment of this group is especially advantaged.

In contrast, the middle elderly (75- to 84-year-olds) and oldest old (ages 85 or older) spent most of their working lives during the World War II or the Depression.

Today's young elderly are distinguished not only by their higher levels of education, but also by their withdrawal from the labor force.

These two trends have enabled seniors in the yuppie elderly ages to devote their energies to recreation, civic affairs, family and other pursuits in years when they are still in good health.

■ ■ ■

These two trends have enabled seniors in the yuppie elderly ages to devote their energies to recreation, civic affairs, family and other pursuits in years when they are still in good health. On balance they

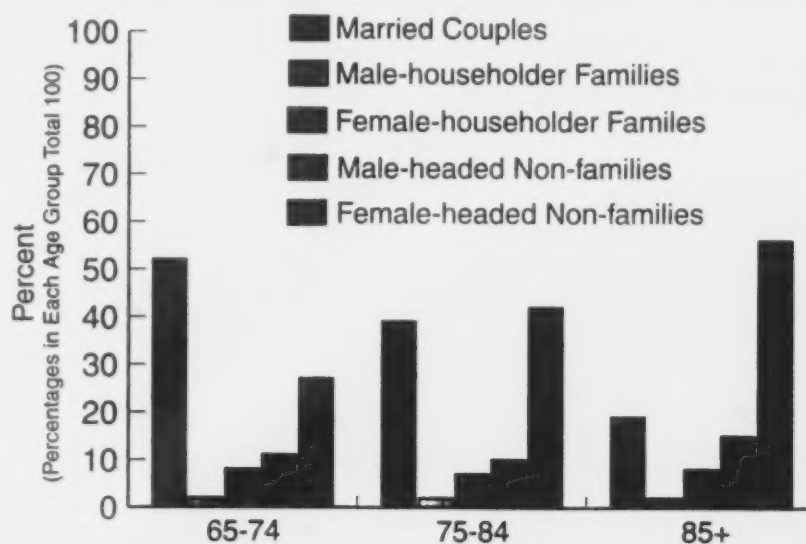
Table 2
Percent Poverty, Household Income and Home Ownership of
U.S. Elderly Households, 1999 (a)

Household Type	Poverty Rate	Percent Income More than \$25,000/year	Percent Homeowner
Married Couple	4.9%	50.3%	91.9%
Male-householder Family	8.8%	55.2%	80.2%
Female-householder Family	12.0%	36.6%	78.6%
Male-headed Non-family	15.3%	27.9%	65.4%
Female-headed Non-family	21.8%	15.7%	69.4%
Total	10.5%	39.1%	83.1%

(a) For households with householder age 65+.

Source: Milken Institute, U.S. Census Bureau Current Population Survey Data.

Figure 6
Household Composition
U.S. Elderly, 1999



Source: Milken Institute, U.S. Census Bureau Current Population Survey

represent an economic plus for the communities in which they reside. This especially is the case for married couples. They are the most financially well-off of all the elderly. Single elderly women have fewer resources, on the whole. While they represent a minority of elderly households in the youngest retiree ages, they become more numerous because men have lower life expectancy.

New Metro Growth Areas for Seniors

Identifying the fastest-growing metro areas in the 1990s is important for two reasons. First, areas that grew the fastest are dominated by the newly retired yuppie elderly, who represent a more-educated, consumer-oriented group than in the past. Second, the elderly forging the growth patterns of the 1990s are parents of the oldest baby boomers who will begin retiring in 2010. These boomer parents pioneered major post-war geographic shifts: to the suburbs and the Sun Belt. Where they live as retirees in the 1990s provides the first inkling of where the huge boomer generation will retire.

Our analysis shows that the fastest-growing elderly populations tend to be in smaller and medium-sized metropolitan areas in the New West and New South. More significant is that the list is not dominated by metros in the traditional retirement states of Florida and Arizona.

Among metropolitan areas with the fastest growing 65-plus populations, five of the top seven and 19 of the top 30 are located in southern and western states other than Florida and Arizona. The elderly population of Las Vegas, NV, tops the list with a 65% increase between 1990 and 1998. Most of the new magnets — such as Myrtle Beach, SC, Las Cruces, NM, and Wilmington, NC — are smaller metropolitan areas. Metros with populations that exceed 1 million — Las Vegas, NV, Houston and Austin, TX — also have shown high elderly growth during the 1990s. These, along with the well-known elderly havens of Phoenix, AZ, and Orlando, FL, have seen their over-65 populations rise by at least 25%. Close behind are Atlanta, GA (24%), Raleigh-Durham, NC (23%), and Denver, CO (23%).

The dominance of the Sun Belt is reflected in the fact that three-quarters of the nation's total elderly gain during the 1990s took place in the South and the West. Growth especially has been accelerated in New West states, with the top seven gainers being Nevada, Alaska, Arizona, Hawaii, Utah, Colorado and New Mexico. While California ranks 14th with an elderly growth rate of 15.3%,

Single elderly women represent a minority of elderly households in the youngest retiree ages, but they become more numerous because men have lower life expectancy.



Our analysis shows that the fastest-growing elderly populations tend to be in smaller and medium-sized metropolitan areas in the New West and New South.



The elderly population of Las Vegas, NV, tops the list with a 65% increase between 1990 and 1998.

Growth especially has been accelerated in New West states, with the top seven gainers being Nevada, Alaska, Arizona, Hawaii, Utah, Colorado and New Mexico.



Table 3
Metro Areas with Greatest Elderly Growth, 1990-1998

Rank	Metropolitan Area*	Growth Rate**
1	Las Vegas, NV	65.0
2	Anchorage, AK	56.9
3	Fort Walton Beach, FL	48.1
4	Naples, FL	46.9
5	Myrtle Beach, SC	45.7
6	Las Cruces, NM	40.3
7	Jacksonville, NC	40.2
8	Ocala, FL	39.5
9	Wilmington, NC	38.3
10	Melbourne, FL	38.0
11	Yuma, AZ	35.6
12	El Paso, TX	35.5
13	Laredo, TX	35.0
14	Colorado Springs, CO	33.6
15	Fayetteville, NC	33.5
16	Charleston SC	33.2
17	Huntsville, AL	32.9
18	Santa Fe, NM	30.7
19	Pensacola, FL	29.7
20	McAllen, TX	29.4
21	Phoenix, AZ	28.6
22	Houston, TX	28.3
23	Panama City, FL	28.1
24	Orlando, FL	28.0
25	Austin TX	27.6
26	Provo-Orem, UT	27.4
27	Honolulu, HI	27.2
28	Fort Pierce FL	26.9
29	Flagstaff, AZ	26.8
30	Reno, NV	26.7

* Metropolitan Areas refer to CMSAs, MSAs, and (in New England) NECMAs, defined by the Office of Management and Budget, June 1995. Names are abbreviated.

** Rate equals change in an area's age 65+ population between 7/1/90 and 7/1/98, per 100 of its age 65+ population on 7/1/90.

Source: Milken Institute, US Census Bureau

the Golden State's retirees have "spilled over" into the rest of the region. In fact, former Californians accounted for 45% of the elderly moving to the rest of the West during the first half of the 1990s.

Elderly growth in the South is not as fast as in the West. Still, the South holds the greatest share of the nation's elderly population (35%) and accounts for the greatest share (43%) of U.S. elderly growth in the 1990-98 period. Florida, the traditional retiree magnet, now ranks only 15th nationally for elderly growth. In the South, Delaware, South Carolina, North Carolina, Texas and Georgia show faster elderly gains. Virginia and Maryland are close behind. The dominant sources of elderly migrants to the South are the Northeast and Midwest. New York and New Jersey especially dominate flows to southern states along the Atlantic Coast.

While the vast majority of areas with fast-growing elderly populations lie in the South and West, there are exceptions. These include college towns in the Northeast and Midwest where cultural activities and open facilities appeal to more highly educated retirees. State College, PA, Madison, WI, Burlington, VT, Bloomington, IN, and East Lansing, MI, are among the "frost belt" metropolitan areas with greater-than-average elderly growth. The two large frost belt metropolitan areas with fastest elderly growth, Minneapolis-St. Paul, MN, and Columbus, OH, are home to major universities.

The growth of metropolitan areas outside of Florida and Arizona suggest a more dispersed settlement pattern for the yuppie-elderly retirees of the 1990s. Higher congestion and strained local and state budgets for services in longstanding retirement destinations help "push" retirees to other states in the Sun Belt. The "pull" of these other states is often enhanced by state-supported marketing of their communities as attractive destinations for older people. Among states that have such programs are North Carolina, South Carolina, Georgia, Tennessee, Texas, Mississippi and Alabama (Parks 1999; and Belkin 1999). The trend also is reinforced by the 1999 ranking of top retirement communities in Retirement Places Rated (Savageau 1999). Only five Florida communities appear in the top 25 destinations, ranked for cost of living, climate, crime, services, job prospects and leisurely living. The top three are Fort Collins-Loveland, CO, Charleston-Sea Islands, SC, and Henderson-Boulder City, NV.

A good portion of elderly growth in many areas is due to the "aging in place" of existing residents who pass their 65th birthdays. This especially is the case in the suburbs of metropolitan areas that attracted members of the new yuppie elderly when they moved to the suburbs during the 1950s and 1960s. This is reflected in Table 4, which shows 30 counties with the greatest elderly growth during the 1990-98 period. Twenty-one of these counties are considered suburban and several are located within some of the Sun Belt's

The South holds the greatest share of the nation's elderly population (35%) and accounts for the greatest share (43%) of U.S. elderly growth in the 1990-98 period.



Higher congestion and strained local and state budgets for services in longstanding retirement destinations help "push" retirees to other states in the Sun Belt.



A good portion of elderly growth in many areas is due to the "aging in place" of existing residents who pass their 65th birthdays.

Table 4
Counties with Greatest Elderly Growth, 1990–1998*

Rank	County		Within Metro Area**	Growth Rate***
1	Nye County	NV	Las Vegas, NV	185.6
2	Flagler County	FL	Daytona Beach, FL	97.8
3	Columbia County	GA	Augusta, GA	92.0
4	Douglas County	CO	Denver, CO	89.1
5	Fort Bend County	TX	Houston, TX	87.8
6	Douglas County	WA	nonmetro	78.0
7	Gwinnett County	GA	Atlanta, GA	77.2
8	Anoka County	MN	Minneapolis-St. Paul, MN	75.8
9	Sarpy County	NE	Omaha, NE	74.6
10	Fayette County	GA	Atlanta, GA	69.9
11	Prince William County	VA	Washington, DC	68.6
12	Clark County	NV	Las Vegas, NV	66.7
13	Washington County	UT	nonmetro	65.8
14	Douglas County	NV	nonmetro	65.1
15	Forsyth County	GA	Atlanta, GA	64.8
16	Kenai Peninsula Borough	AK	nonmetro	63.6
17	Polk County	TX	nonmetro	63.2
18	Loudoun County	VA	Washington, DC	62.6
19	Beaufort County	SC	nonmetro	62.2
20	Henry County	GA	Atlanta, GA	60.8
21	Santa Rosa County	FL	Pensacola, FL	60.6
22	Collin County	TX	Dallas, TX	59.7
23	York County	VA	Norfolk, VA	59.6
24	James City County	VA	Norfolk, VA	58.1
25	Anchorage Borough	AK	Anchorage, AK	56.9
26	Nassau County	FL	Jacksonville, FL	56.0
27	DeSoto County	MS	Memphis, TN	54.9
28	Brunswick County	NC	Wilmington, NC	54.7
29	St. Charles County	MO	St. Louis, MO	54.3
30	Union County	GA	nonmetro	54.0

*Counties where the age 65+ population exceeded 2,000 on 7/1/90

**Metropolitan Areas refer to CMSAs, MSAs, and (in New England) NECMAs, defined by the Office of Management and Budget, June 1995. Names are abbreviated

***Rate equals change in a county's age 65+ population between 7/1/90 and 7/1/98, per 100 of its age 65+ population on 7/1/90

Source: Milken Institute, US Census Bureau

largest and most expansive metropolitan areas — Atlanta, Washington, Houston, Dallas and Denver. This aging-in-place process, in which residents of suburbs stay put and grow old together, will become more commonplace as baby boomers reach their senior years.

When Boomers Become Seniors

The aging-in-place phenomenon will be a more dominant force behind elderly growth during the first quarter of the new century. This will be a period when almost all communities will increase their older populations due to the aging of the huge baby-boom generation. Between 2000 and 2025, the nation's elderly population is projected to grow by 79%. Yet many areas will grow at an even faster pace. For most, the faster growth will occur as boomers in the Sun Belt and the suburbs age in place in the same communities in which they worked.

The clue as to where many boomers will age in place is shown in Table 5, which lists 20 metropolitan areas with the largest share of baby boomers in the late 1990s. The list includes a few areas that have high-amenity appeal and have attracted a number of yuppie boomers even before they reach their elderly years: Santa Fe, NM, Burlington, VT, and Ft. Collins-Loveland, CO, as well as the college town of Madison, WI. Yet, most of the metros with high boomer populations are southern and western metros that attracted large numbers of working-aged boomers during the 1970s, 1980s and 1990s. These include metropolitan Denver, Atlanta, Washington, DC, San Francisco, Seattle, Houston and Dallas-Ft. Worth. Minneapolis-St. Paul and Kansas City, MO, represent two large Midwest metros that also have grown during these years.

A good sense of where the fastest elderly growth will occur after most of the boomers retire can be seen in Map 1, which identifies states where the older population is projected to double during the next quarter century. Utah's elderly population is projected to grow by 143% and Utah is likely to lead a swath of western states that have begun to attract boomers from other parts of the country. Some of these states, especially Arizona and Nevada, will gain from residents aging in place and by attracting retirees from other parts of the country. The projections suggest that this also will be the case with Texas, Georgia, North Carolina and South Carolina.

The second tier of fast-growing elderly populations includes most of the rest of the South, plus California, Hawaii and the northern states of Minnesota, Vermont and New Hampshire. The New England states are retirement magnets because of their amenities. At the other extreme are the old industrial states from Massachusetts westward through Michigan and Illinois that have lost large numbers of their baby boomers to other regions of the country. Yet even these states are expected to increase their elderly populations

This aging-in-place process, in which residents of suburbs stay put and grow old together, will become more commonplace as baby boomers reach their senior years.



Most of the metros with high boomer populations are southern and western metros that attracted large numbers of working-aged boomers during the 1970s, 1980s and 1990s.



Utah's elderly population is projected to grow by 143% and Utah is likely to lead a swath of western states that have begun to attract boomers from other parts of the country.

Table 5
Metro Areas with Highest Boomer Shares, 1998

Rank	Metropolitan Area*	Boomer Share**
1	Santa Fe, NM	34.7
2	Anchorage, AK	32.9
3	Denver, CO	32.4
4	Atlanta, GA	32.0
5	Washington, DC	32.0
6	Portland, ME	31.8
7	San Francisco, CA	31.6
8	Seattle, WA	31.6
9	Burlington, VT	31.4
10	York, PA	31.3
11	Minneapolis-St. Paul, MN	31.2
12	Richmond, VA	31.1
13	Portland, OR	31.0
14	Madison, WI	31.0
15	Reno, NV	30.8
16	Houston, TX	30.8
17	Fort Collins, CO	30.6
18	Rochester, MN	30.5
19	Dallas, TX	30.4
20	Kansas City, KS	30.4

*Metropolitan Areas refer to CMSAs, MSAs, and (in New England) NECMAs, defined by the Office of Management and Budget, June 1995. Names are abbreviated

** Equals percent of area's total population which is aged 34-52 as of 7/1/98

Source: Milken Institute, US Census Bureau

Not all of this growth in the elderly population will come from advantaged segments of the "yuppie elderly."

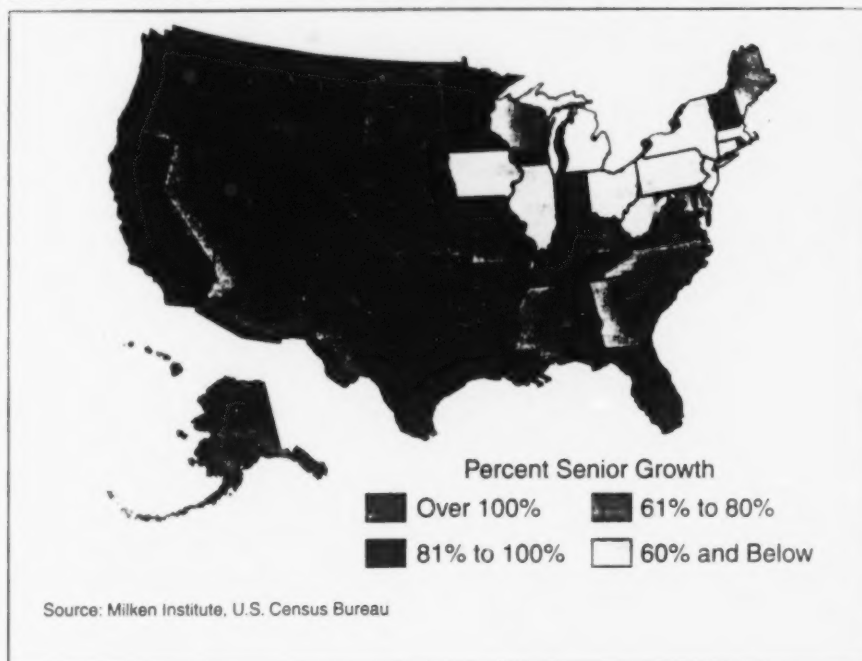


by between 38% (New York) and 60% (West Virginia) in the next 25 years.

Not all of this growth in the elderly population will come from advantaged segments of the "yuppie elderly." Baby boomers are privileged in many respects: higher education, large pre-retirement assets and high levels of health and life expectancy. On the other hand, baby boomers always have exhibited wide inequalities within the cohort.

This can be seen in Table 6, which contrasts attributes of early baby boomers at mid-life with those of their parents. As a group, early boomers are better educated than their parents, with more women

Map 1
The Senior Explosion
Projected Senior Growth, 2000–2025



in the labor force with a greater share of professional and managerial positions. Yet, during this period, more than a quarter of boomers were either divorced, separated or never married, compared with less than 14% of their parents. A higher share lived in poorer households and had fewer children.

In the end, the boomer elderly population will be far more divided between yuppie elderly and those with histories of broken families, less stable employment and fewer children to provide them with economic and emotional support in their older ages. Yet both segments of this generation likely will reside in different suburban and inner city communities and pose challenges for those providing transportation, social and health services (Stanfield 1996).

Still, most of the "yuppie elderly" will be more mobile than the rest. They will gravitate to high-amenity regions as states and communities continue to vie for this lucrative group. Yet their continued involvement in the workforce through their own small businesses or part-time work and their diversity of lifestyles are

As a group, early boomers are better educated than their parents, with more women in the labor force with a greater share of professional and managerial positions. Yet, during this period, more than a quarter of boomers were either divorced, separated or never married, compared with less than 14% of their parents.



The boomer elderly population will be far more divided between yuppie elderly and those with histories of broken families, less stable employment and fewer children to provide them with economic and emotional support in their older ages.

Their continued involvement in the workforce through their own small businesses or part-time work and their diversity of lifestyles are likely to make today's "active adult communities" and other mass-marketed retiree products less attractive to seniors in the decades ahead.



Table 6
Demographic Profiles of Generations at Mid-life
Early Baby Boomers and Boomer Parents

Selected Attribute at Age 35-44	Early Baby Boomers Born: 1946-1955 Retire: 2011-2019	Boomer Parents Born: 1926-1935 Retire: 1991-2000
Education		
Percent with Less than HS	14.4%	38.3%
Percent of College Grad	27.0%	13.0%
Percent of Persons in Poverty	8.5%	5.7%
Labor Force		
Percent of Women in Labor Force	76.6%	50.0%
Percent with Professional & Managerial Jobs		
Men	29.3%	29.3%
Women	32.5%	18.5%
Household Type		
Percent Married Couple	63.5%	79.4%
Percent with Female-head	13.6%	10.1%
Percent Non-family*	19.3%	7.8%
Marital Status		
Percent Divorced or Separated	16.7%	7.2%
Percent Never Married	11.2%	6.7%
Children Ever Born to Women		
Percent with None	18.1%	12.3%
Percent with 3+	30.4%	55.0%
*Includes both male and female headed nonfamilies		
Source: Milken Institute, US Censuses		

likely to make today's "active adult communities" and other mass-marketed retiree products less attractive to seniors in the decades ahead.

BEST COPY AVAILABLE

IMMIGRATION AND "MULTIPLE MELTING POTS"

America is becoming more racially and ethnically diverse as a result of 1965 legislation that increased both the numbers of immigrants and their countries of origin. The next decade probably will mirror the last, in which immigration contributed 1 million newcomers annually to the United States, largely from Latin America and Asia. Clearly, increased ties to nations to our south and west should improve our ability to participate in the emerging global economy.

There is the perception that this new immigration will spread out across the United States in a single melting-pot model, not unlike the image at the turn of previous century. National statistics tend to support this claim. The 2000 census will show that at least three out of 10 U.S. residents will not be white Anglos. Before 2005, Hispanics will outnumber African Americans. And in the year 2030, one out of four Americans will be either Hispanic or Asian.

Yet, an examination of regional and metropolitan-area settlement patterns suggests something quite different from the national statistics. On the one hand, 25 metropolitan areas already fit the "year 2030" national profile, in which at least a quarter of the population is either Hispanic or Asian and less than 60% is Anglo. These include such areas as Los Angeles, San Francisco, San Diego, Miami and Houston as well as many smaller metros in California, New Mexico and along the Texas-Mexico border. On the other hand, more than half (147) of the nation's 271 metro areas are at least 80% white. These are in the Northeast, Midwest and mountain states, as well as large parts of the South, where African Americans comprise the major non-white group. In short, the new immigration of Latin Americans and Asians to the United States remains highly clustered in a handful of metropolitan areas or multiple melting pots. In these, one can find ethnic enclaves, new entrepreneurial activity and the rich cultural diversity that defined immigrant communities at the turn of the last century. Yet, for much of the rest of America, the new immigration has yet to be felt.

The next decade probably will mirror the last, in which immigration contributed 1 million newcomers annually to the United States, largely from Latin America and Asia.



In the year 2030, one out of four Americans will be either Hispanic or Asian.



New immigration of Latin Americans and Asians to the United States remains highly clustered in a handful of metropolitan areas or multiple melting pots.

Today's immigrants also cluster in major gateway areas — two-thirds of all 1990-98 immigrants are located in just 10 of the nation's metropolitan areas.



In contrast, most native-born Americans, especially whites and blacks, are far more footloose. Their economic and social circumstances do not tie them as tightly to particular parts of the country.



Domestic migrants are leaving metropolises like New York and Los Angeles for less-dense, faster-growing, more entrepreneurial regions of the country.

Immigrant and Domestic Migrant Magnets

For most of America's history, immigrants flocked to cities, attracted by jobs and like-nationality groups that provided social and economic support. These same cities also attracted large numbers of domestic migrants from smaller communities and rural areas, again because of the jobs found in such immigrant gateways as New York, Chicago and Boston.

Today's immigrants also cluster in major gateway areas — two-thirds of all 1990-98 immigrants are located in just 10 of the nation's metropolitan areas. Although this may seem natural and consistent with the past, the nation's employment opportunities and populations, in general, have become more dispersed across the country. Despite this dispersion, immigrants continue to concentrate, influenced by the strong family reunification provisions of our immigration laws. Family reunification immigration tends to occur in "chains" that link family members and friends to common destinations. This especially is the case for lower-skilled immigrants, since they are more dependant on kinship ties for gaining entry to informal networks.

A recent National Academy of Sciences study points up the increasing gap in the education of immigrants compared with the native population. The education level of immigrants shows two trends: higher percentages of both Ph.D.s and high school dropouts than in the native population. However, it is the lower end of educational achievement that prevails for recent immigrants (Smith and Edmonston 1997).

There is some spreading out of new immigrants to parts of the country which previously have not had many Hispanics or Asians. However, the vast majority of new immigrants, as well as earlier arrivals from these groups, still reside in the large gateway areas.

In contrast, most native-born Americans, especially whites and blacks, are far more footloose. Their economic and social circumstances do not tie them as tightly to particular parts of the country. Their migration patterns are dictated more by the "pushes" and "pulls" of employment and, to some degree, quality-of-life factors than by kinship ties.

Domestic migrants are leaving metropolises like New York and Los Angeles for less-dense, faster-growing, more entrepreneurial regions of the country. These include areas in the southeast and the western

states surrounding California. Because the current magnets for domestic migrants are different from the immigrant gateway cities, it is possible to classify large metropolises by their dominant migration sources.

When one ranks the greatest-gaining immigrant magnets and the greatest-gaining domestic-migration magnets (see Table 7), there is only one city on both lists: Dallas. This exception aside, most immigration centers showed an outflow of domestic migrants

Table 7
High Immigration and High Domestic Migration Metro Areas,
1990-1998

Rank	Metropolitan Area*	Immigration	Net Domestic Migration
High Immigration Metros			
1	New York	1,306,675	-1,753,600
2	Los Angeles	1,098,697	-1,525,171
3	San Francisco	435,852	-326,569
4	Miami	362,846	-65,226
5	Chicago	317,749	-468,327
6	Washington, DC	239,025	-166,929
7	Houston	194,092	70,120
8	Dallas	155,219	202,022
9	San Diego	149,907	-148,969
10	Boston	125,025	-194,085
High Domestic Migration Metros			
1	Atlanta	68,515	440,668
2	Las Vegas	28,918	353,752
3	Phoenix	55,179	349,774
4	Dallas	155,219	202,022
5	Portland, OR	48,026	190,038
6	Denver	44,201	176,427
7	Orlando	38,958	150,675
8	Seattle	75,657	148,236
9	Austin	24,585	144,919
10	Tampa	35,790	141,366
11	Raleigh	13,485	140,840
12	Charlotte	12,485	132,936
13	West Palm Beach	39,573	113,734
14	Nashville, TN	10,709	100,344

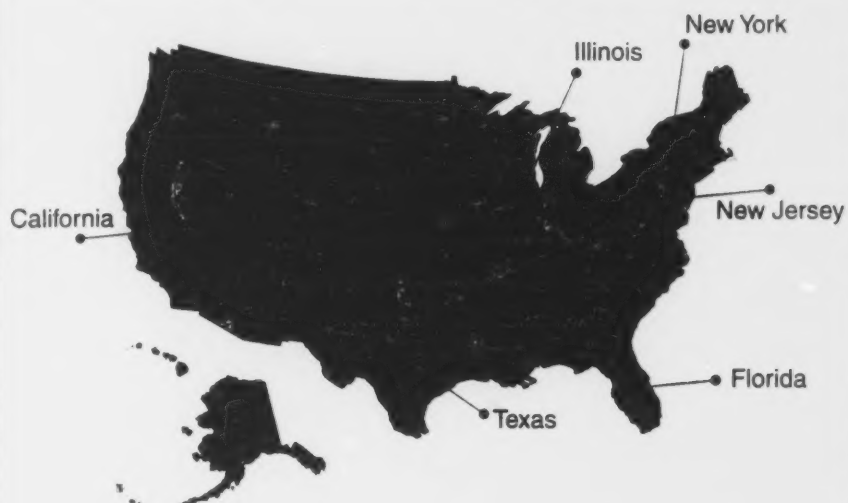
*Note: Metropolitan Areas refer to CMSAs, MSAs, and (in New England) NECMAs, defined by the Office of Management and Budget, June 1995. Official names are abbreviated.

Source: Milken Institute, US Census Bureau

When one ranks the greatest-gaining immigrant magnets and the greatest-gaining domestic-migration magnets, there is only one city on both lists: Dallas.



Map 2
High Immigration States 1990-1999



Source: Milken Institute, U.S. Census Bureau

Map 3
Net Domestic Migration, 1990-1999



Source: Milken Institute, U.S. Census Bureau

during the first eight years of the 1990s, with New York and Los Angeles each losing more than 1.5 million people.

It is important to note that immigration centers through the 1990-98 period were the same during the 1980s and, in most cases, earlier decades. In contrast, domestic migration from these areas did change over time in response to the economy and changing job opportunities. For example, although Dallas and Houston showed domestic migration gains for the 1990s, plummeting oil prices drove a sharp domestic out-migration from these areas during the late 1980s.

The ranking of domestic migration magnets fluctuates more than the immigrant magnet cities. For example, areas such as Las Vegas, Phoenix, Portland, OR, and Denver vastly improved their rankings in the 1990s. The resurgence of the West involved, in some cases, recovery from the decline of extractive industries in the late 1980s and the rise of high-tech industry.

The distinction between immigrant-driven and domestic migration-driven growth at the metropolitan level also carries over at the state level. Six states attracted almost three-quarters of all U.S. immigrants over the 1990-99 period (see Map 2). California attracted more than 2 million immigrants and New York more than 1 million, while Texas, Florida, New Jersey and Illinois attracted more than 2 million combined. Yet four of these states, again led by California and New York, lost domestic migrants during the first nine years of the 1990s. The states that gained the most domestic migrants are located primarily in the non-California West (Arizona, Nevada, Colorado, Washington and Oregon) and what might be called the non-immigrant South (Georgia, North Carolina and Tennessee). (See Map 3.)

Growing Ethnic Markets

One implication of these separate immigrant and domestic migration patterns is the clustering of the new immigrant groups, Hispanics and Asians, in selected metropolitan areas. African Americans, as well, are not diffusing widely across the country, but are showing signs of reconsolidating in the New South.

Among the nation's metropolitan areas, greater Los Angeles houses fully one-fifth the U.S. Hispanic population. It also ranks first in total growth, garnering 16% of U.S. Hispanic gains during the 1990s. Los Angeles' Hispanic growth comes largely from Mexican and

The ranking of domestic migration magnets fluctuates more than the immigrant magnet cities.



Six states attracted almost three-quarters of all U.S. immigrants over the 1990-99 period.



One implication of these separate immigrant and domestic migration patterns is the clustering of the new immigrant groups, Hispanics and Asians, in selected metropolitan areas.

The 10 areas with the largest Hispanic populations also were the 10 largest gainers, attracting more than half (52%) of U.S. Hispanics in the first eight years of the 1990s.



This group includes Cubans in Miami; Dominicans, Puerto Ricans and other Caribbean Hispanics in New York City; and Mexicans in Chicago.

Table 8
Top Population Gains by Metro Area:
1990-1998, Hispanics and Asians

Rank	Metropolitan Area*	1990-98 Gains	1998 Population
Hispanics			
1	Los Angeles	1,261,178	6,080,927
2	New York	605,894	3,490,084
3	Miami	335,273	1,407,367
4	San Francisco	327,278	1,314,058
5	Chicago	310,602	1,213,279
6	Houston	301,055	1,083,794
7	Dallas	225,409	757,256
8	Phoenix	217,710	601,356
9	San Diego	204,096	721,513
10	San Antonio	191,048	823,177
Asians			
1	New York	404,109	1,283,890
2	Los Angeles	376,377	1,673,887
3	San Francisco	307,023	1,216,581
4	Washington DC	115,752	362,167
5	Chicago	92,968	346,036
6	Seattle	91,383	270,292
7	Houston	82,195	211,372
8	San Diego	80,370	269,546
9	Boston	71,621	210,515
10	Dallas	65,652	161,808

*Note: Metropolitan Areas refer to CMSAs, MSAs, and (in New England) NECMAs, defined by the Office of Management and Budget, June 1995. Official names are abbreviated.

Source: Milken Institute, US Census Bureau

other Latin American immigrants, but also from the high fertility of non-immigrant Hispanics.

The importance of immigrant gateways in attracting and maintaining large Hispanic populations can be seen in Table 8. The 10 areas with the largest Hispanic populations also were the 10 largest gainers, attracting more than half (52%) of U.S. Hispanics in the first eight years of the 1990s. (Collectively, they house 58% of the nation's Hispanic population.) This group includes Cubans in Miami; Dominicans, Puerto Ricans and other Caribbean Hispanics in New York City; and Mexicans in Chicago. The rest of the 10 lie close to the Mexican border and continue to build on large, existing Latin American populations.

The similar concentration of growth has occurred for Asians. Together, greater Los Angeles, New York and San Francisco account for 39% of the nation's Asian population gains in the 1990s. (These three areas are home to 42% of Asians in the United States.) The Chinese are a major immigrant group in New York, Filipinos are drawn to Los Angeles, and both groups have a large presence in San Francisco.

The next echelon of Asian-gaining metros also houses significant Asian populations. However, Washington, D.C., Seattle, Houston and Dallas recently have increased the magnitude of their Asian gains. The 10 metropolitan areas shown in Table 8 represent 61% of the 1998 U.S. Asian population and include 60% of Asian growth during the 1990s.

Much of this emerging Asian-migration pattern is attributable to technology-driven economic growth in these metros. With the exception of Houston (ranking 23rd) and San Diego (ranking 17th), they are in the top 10 of high-technology production centers in the country (DeVol 1999). A large proportion of the economic growth in these metros has been in high-tech services such as software, telecommunications and Internet-related companies. The shortage of domestic technical talent is pulling highly trained Asians to these locations.

In contrast to Hispanics and Asians, blacks remain highly concentrated in the urban north and the South (see Table 9). In particular, blacks in the 1990s are gravitating to the revitalized New South. In metropolitan Atlanta, a booming economy, a large black middle-class population and familiar southern mores have attracted middle-class and working-class blacks from all origins in the 1990s. For similar reasons, Washington, DC, Houston and Dallas-Ft. Worth also are attracting blacks. While not in the top 10, fast-growing Raleigh-Durham and Charlotte in North Carolina, and Jacksonville and Tampa in Florida are increasing their black populations.

Most domestic migrants are whites and the list of growing metros makes plain that they are attracted to different places than new immigrant minorities. These gains follow the growth of jobs in high-tech, knowledge-based industries (Atlanta, Dallas-Ft. Worth, Seattle and Minneapolis-St. Paul) as well as in services and construction (Las Vegas) and other amenities and attractions for retirees (Phoenix). On the other hand, the first eight years of the 1990s show a loss of whites in one-quarter of the nation's 271 metro areas. The

Much of this emerging Asian-migration pattern is attributable to technology-driven economic growth in these metros.



In contrast to Hispanics and Asians, blacks remain highly concentrated in the urban north and the South.



Most domestic migrants are whites and the list of growing metros makes plain that they are attracted to different places than new immigrant minorities.

Table 9
Top Population Gains by Metro Area: 1990-1998, Blacks and Whites

Rank	Metropolitan Area*	1990-98 Gains	1998 Population
Blacks**			
1	Atlanta	212,851	960,500
2	Washington, DC	169,566	1,850,512
3	Houston	103,870	761,008
4	New York	92,110	3,240,097
5	Chicago	90,853	1,638,973
6	Dallas	90,810	650,106
7	Miami	84,769	645,493
8	Detroit	72,273	1,131,360
9	Philadelphia	55,800	1,122,744
10	Orlando	51,879	197,935
Whites**			
1	Atlanta	436,718	2,550,177
2	Phoenix	403,561	2,113,618
3	Dallas	360,079	3,213,499
4	Las Vegas	261,518	932,847
5	Denver	251,925	1,832,371
6	Seattle	245,501	2,802,121
7	Portland, OR	242,262	1,858,483
8	Minneapolis-St. Paul	180,737	2,513,174
9	Houston	166,029	2,341,247
10	Charlotte, NC	140,770	1,050,198

*Note: Metropolitan Areas refer to CMSAs, MSAs, and (in New England) NECMAs, defined by the Office of Management and Budget, June 1995. Official names are abbreviated.
 **Non-Hispanic
 Source: Milken Institute, US Census Bureau

Most of the other areas losing whites were in the rust belt, especially metropolitan areas in New England, New York, Pennsylvania and Ohio.



The new shifts suggest the formation of multiple melting pots in parts of the country where populations include a significant presence of two or more minority groups.

biggest white losses were in the expensive coastal metros of New York (-560,000), Los Angeles (-444,000) and San Francisco (-141,000). The latter two reflected, in part, California's sagging economy during the early 1990s. Most of the other areas losing whites were in the rust belt, especially metropolitan areas in New England, New York, Pennsylvania and Ohio.

Melting-Pot Metros

The new immigration and domestic-migration patterns of the 1990s indicate something different from the national, single melting-pot imagery you hear in the rhetoric of politicians and business leaders. Rather, the new shifts suggest the formation of multiple melting pots in parts of the country where populations include a significant

presence of two or more minority groups. Through inter-marriage and the blending of cultures, each of these melting pots will develop its own politics, character and consumer tastes.

We identify 21 such melting-pot metros using a relatively stringent demographic definition (see Table 10). These are areas where the percentage of whites is lower than it is nationally (72.3%) and where at least two of the minority groups have greater than their national representations — 12.1% for blacks and 11.2% for Hispanics — or, in the case of Asians and American Indians/Eskimos, they represent at least 5% of the population. The list includes Miami, Los Angeles, New York and San Francisco, as well as Chicago, Washington, DC, San Diego, Dallas and Houston. The others on the list are smaller and are located in California and Texas. By our definition, only New York has over-representation for as many as three minorities: blacks, Hispanics and Asians. California metros have more Hispanics and Asians, whereas the Texas metros, along with Chicago, have more blacks and Hispanics.

The short list of multiple melting-pot metros excludes areas that have a significant share of only one minority group. A sense of the regional distribution of the single minority concentrations also can be seen in Map 4. African Americans are most over-represented in the South, with some important clusters in urban areas of the Northeast and Midwest. Hispanics comprise large shares of the population in counties that range from Texas to California and parts of adjoining states. There is a fair representation of American Indians in Oklahoma counties and in states in the north-central part of the country. Multi-ethnic counties are most common in California and the Southwest, with mixes of Hispanics and Asians and Hispanics and American Indians being commonplace.

California and the Rest of the West

An important example of where the new immigrant and domestic migrant dynamics diverge is found in the contrast between California and the rest of the West. The contrasting migration dynamics are plotted in Figure 7. During the 1990s, California's migration gains came solely from immigration from abroad, although gains for the rest of the West were primarily from domestic migration.

What the data make plain is that immigration levels, in contrast to domestic migration, are relatively steady for California and the rest of the West. During the early 1990s, when California was in \

California metros have more Hispanics and Asians, whereas the Texas metros, along with Chicago, have more blacks and Hispanics.



Multi-ethnic counties are most common in California and the Southwest.



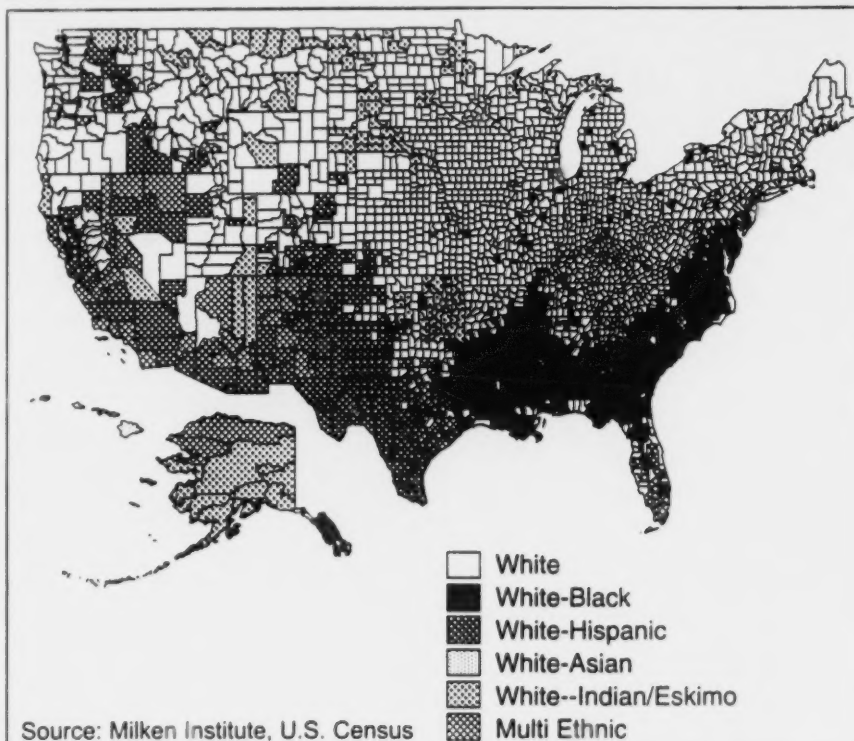
During the 1990s, California's migration gains came solely from immigration from abroad, although gains for the rest of the West were primarily from domestic migration.

California's long-term demographic gains will continue to come primarily from immigration.



Most of the New West, with its increased economic diversification, will continue to grow mainly from domestic migration from all parts of the country, including California.

Map 4
Ethnic Concentration: U.S. Counties, 1998



Source: Milken Institute, U.S. Census

economic decline, immigration continued to flow almost unabated. Immigration continued as California staged an economic comeback. High-tech, information and entertainment industries replaced the earlier reliance on aerospace and real estate (Kotkin 1997). By the same token, the downturn in domestic migration to the rest of the West in the later part of the 1990s, due in part to the increased draw to California, was not mirrored in lower immigration to that region.

California's long-term demographic gains will continue to come primarily from immigration. Even during the prosperous late-1980s, California lost migrants to nearby states (Frey 1995). While some western states close to the Mexican border will experience significant immigration levels, most of the New West, with its increased economic diversification, will continue to grow mainly from domestic migration from all parts of the country, including California (Burgess and O'Donnell 1998).

The long-term scenario of race-ethnic makeup in these two regions

Table 10
Melting Pot Metros

Name	1998 Racial Profile					Total
	Whites	Blacks	Hispanics	Asian	Indians/ Eskimos	
Miami	42.0	17.7	38.5	1.7	0.1	100%
Los Angeles	43.1	7.4	38.5	10.6	0.4	100%
Fresno, CA	44.0	4.3	42.4	8.6	0.7	100%
Salinas, CA	44.3	5.6	40.6	9.0	0.5	100%
Merced, CA	46.1	4.2	39.5	9.6	0.6	100%
Stockton, CA	51.0	5.0	28.8	14.5	0.7	100%
Albuquerque, NM	51.7	2.3	39.2	1.7	5.2	100%
Houston, TX	53.1	17.3	24.6	4.8	0.2	100%
San Francisco, CA	54.1	8.3	19.3	17.8	0.5	100%
San Diego, CA	58.2	5.6	25.9	9.7	0.6	100%
Flagstaff, AZ	58.2	1.5	11.8	1.1	27.4	100%
Santa Barbara, CA	58.9	2.5	32.9	5.1	0.5	100%
New York, NY	59.8	16.2	17.4	6.4	0.2	100%
Killeen, TX	60.9	18.7	16.0	3.9	0.5	100%
Modesto, CA	63.3	1.6	27.9	6.3	0.9	100%
Chicago, IL	63.5	18.6	13.8	3.9	0.1	100%
Washington, DC	64.1	25.4	5.3	5.0	0.3	100%
Yuba City, CA	66.2	2.6	18.3	11.1	1.8	100%
Waco, TX	66.9	16.0	15.8	1.0	0.3	100%
Dallas, TX	66.9	13.5	15.8	3.4	0.4	100%
Sacramento, CA	68.0	6.6	15.0	9.5	0.9	100%

Note: Metro areas where the Non-Hispanic White percentage of total population is less than the Non-Hispanic White US percentage (72.3%), and where at least two of the minority groups comprise a percentage larger than their U.S. percentage (N-H Blacks > 12.1%, Hispanics > 11.2%) or at least 5% (for Asians, and American Indians/Eskimos)

Source: Milken Institute, U.S. Census Bureau

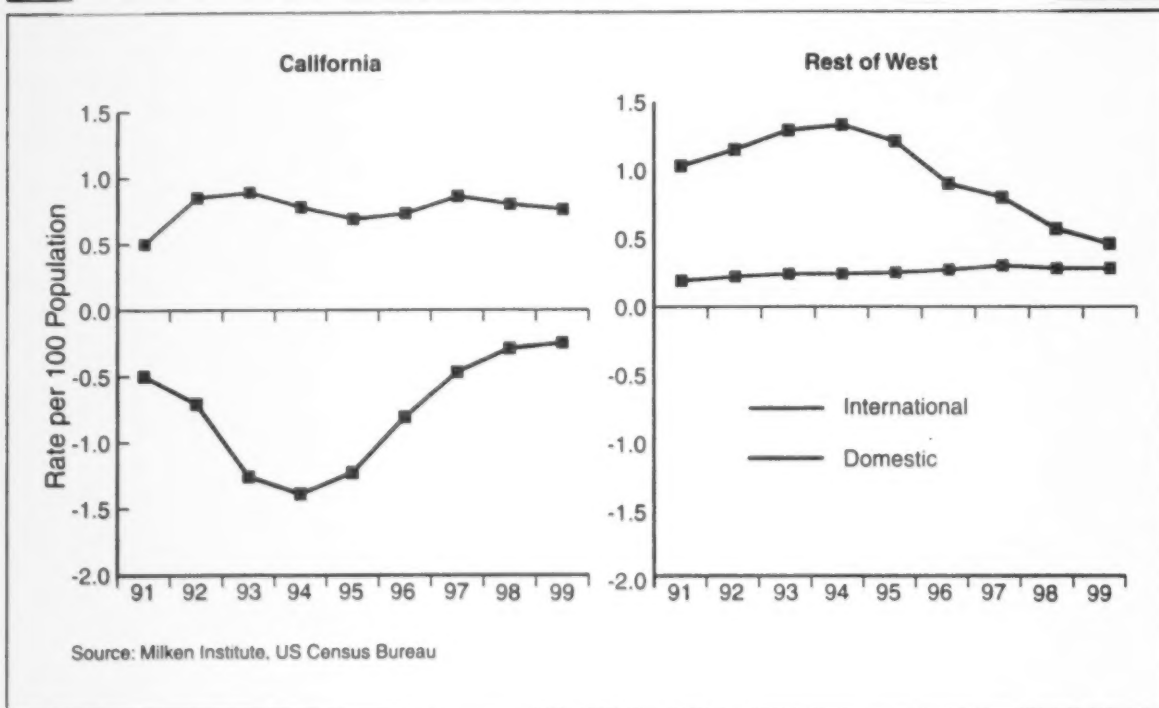
As a melting-pot region with strong trading links to Asia and Latin America, California is the West's window on the dynamic, global economy. It also provides an overflow of people and consumer items to the growing, economically diverse western states.



This symbiotic economic relationship is bound to continue to develop between these two very distinct regions.

also shows a sharp contrast (see Figure 8). As California turns into an "Anglo minority" state with strong representation of Hispanics, Asians and African Americans, the rest of the West will be predominantly white with a significant Hispanic presence in states bordering Mexico and California. As a melting-pot region with strong trading links to Asia and Latin America, California is the West's window on the dynamic, global economy. Yet, it also provides an overflow of people and consumer items to the growing, economically diverse western states which increasingly will attract entrepreneurs, knowledge workers and the yuppie elderly to its high-amenity communities. This symbiotic economic relationship is

Figure 7
Net International and Domestic Migration Rates, 1990-1999



This age distinction will affect the kinds of consumer services in demand and will have an impact on politics.



bound to continue to develop between these two very distinct regions. The same pattern likely will emerge between the nation's other multiple melting-pot regions and the heartland.

Another distinction that can be drawn between the globally linked state of California and the "home grown" population centers in the rest of the West is the increasing disparity in age. The younger Hispanic and Asian immigrants in California, along with their higher fertility rates, will lead to a younger overall population along with high levels of dependency (the under-age-18 population as a percent of the working ages, 18-64, population). For the rest of the West, which will become a mecca for baby-boomer elderly and middle-aged white residents with low fertility rates, the population will be older. Here, elderly dependency (the 65-and-over population as a percent of the working-age population) will approach youth dependency as more baby boomers retire. This age distinction will affect the kinds of consumer services in demand and will have an impact on politics. The importance of government support for schools will be a bigger issue in California while the social and

Figure 8
Projected Population 1998–2025

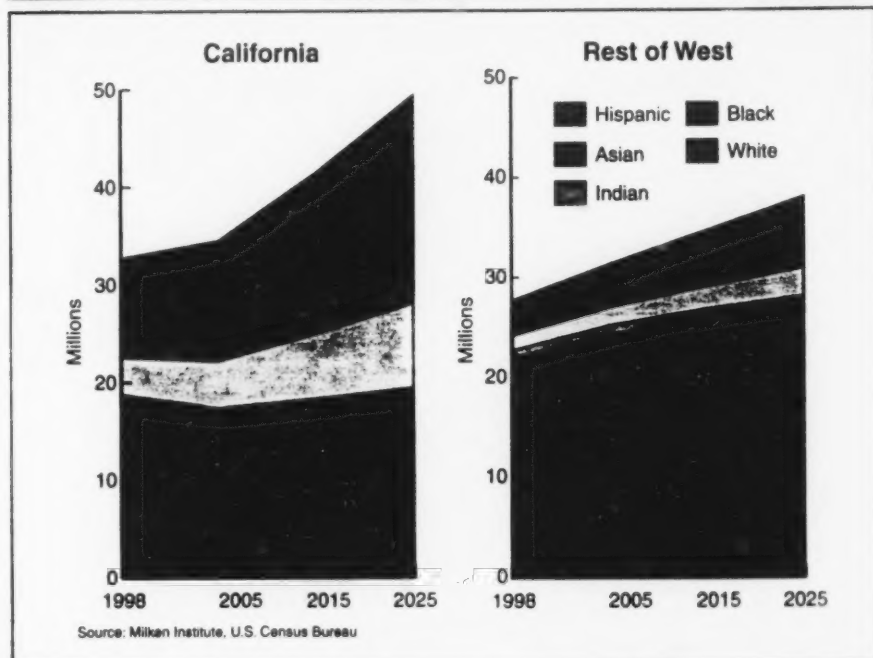
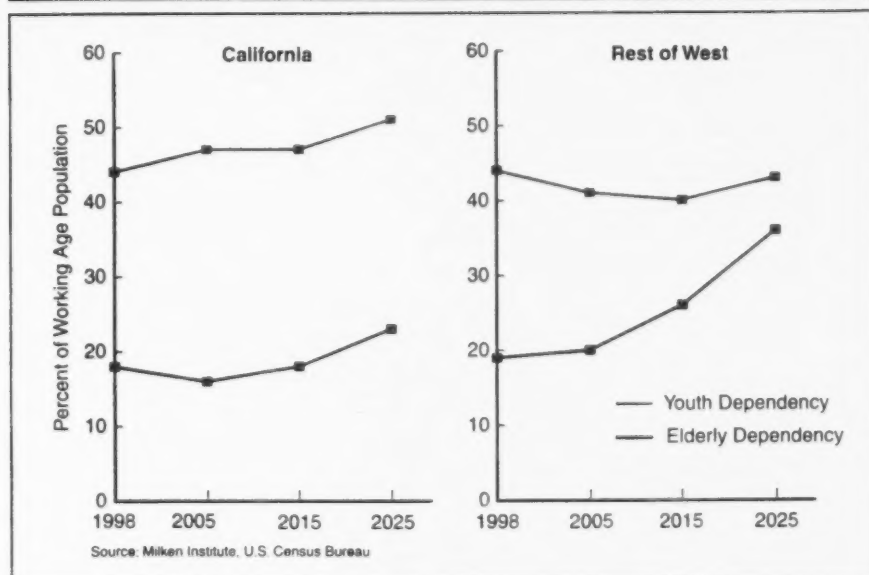


Figure 9
Youth Dependency and Elderly Dependency
Projected 1998–2025



health services available to senior citizens will be a bigger issue in the rest of the West. California's labor force will be younger with less experience and education than in the rest of the West.

ECONOMIC, MARKETING AND POLITICAL IMPLICATIONS

Aging baby boomers and new immigrants and their offspring will change the economic and political landscape. Their demand for different types of products and services and their attitudes toward education and other social-program funding will vary immensely. Aging in place and retirement migration patterns of the baby boomers, combined with the multiple melting pots of Hispanic and Asian ethnic groups, promise to make the United States a more heterogeneous nation, but more regionally homogeneous as we cluster.

Economists have been aware that the population structure has an impact on consumer spending (DeVol and Posner 1993). Econometric analysis of consumption has focused upon three primary demographic influences: income, age and family size. Nevertheless, it is likely, even with these characteristics being identical, that variations in spending will remain because of differences in tastes and preferences. Recent analytical work has focused upon ethnicity as an influence on tastes and preferences. Culture and tradition also may affect family size and household composition, independent of tastes and preferences, and greatly influence consumer and housing spending (Fan 1998).

Baby Boomers as Retirees

From a life-cycle perspective, the baby-boomer retirement will alter the consumption patterns around the country. Regions with large numbers of less-well-off elderly may face capital shortages and require high social spending. Regions with a large concentration of the yuppie elderly boomers will exhibit vastly different consumption shares (variations in percentage of products and services purchased as a share of total spending) than younger, ethnic areas. The regional variation in spending patterns will be large and businesses will need to alter their marketing. A new marketing science called geodemographics has evolved that attempts to

Aging baby boomers and new immigrants and their offspring will change the economic and political landscape.



The baby-boomer retirement will alter the consumption patterns around the country.



The regional variation in spending patterns will be large and businesses will need to alter their marketing.

The consensus of studies comparing the income and wealth of the baby-boom generation with that of their parents at the same age is that they have a higher economic status than their parents.



The expenditure patterns of the young-old and old-old are dramatically different.



Households aged 65-plus spend a larger proportion of their budget on health care, food, furnishings, household operations, fuel and utilities.

segment the population by distinct purchasing patterns and tastes.

There has been disagreement among researchers on the economic status of the baby-boom generation as it approaches retirement. In the 1980s, some researchers concluded that boomers would be the first American generation to be less economically secure than their parents upon reaching retirement age. This conclusion was based upon the surge in the working-age population in the 1960s and 1970s that swelled the labor supply and forced down wages, reduced labor force participation rates and upward job mobility.

Recent analyses on the financial prospects of baby boomers is more optimistic. The consensus of studies comparing the income and wealth of the baby-boom generation with that of their parents at the same age is that they have a higher economic status than their parents (Radner 1998). Despite lower rates of personal saving, the baby-boom generation has accumulated more wealth due to a higher proportion of their assets invested in the stock market and the tremendous returns in equity markets in recent years.

The financial prospects of the baby-boom generation are of critical importance to consumer-product and service firms. It is a mistake to view the elderly as one group; they are as diverse as the overall population. Educational attainment, gender ratios, marital status, race, ethnicity, economic resources, attitudes and health status vary substantially.

Most marketing-oriented demographic studies segment the elderly into three general market groups: the young-old (65-74), or yuppie elderly, who are generally active and married; the old (75-84), who are less active and more likely to be widowed; and the old-old (age 85 and older) or the needy elderly, who often require help daily and are more reliant on their children. The expenditure patterns of the young-old and old-old are dramatically different.

Nevertheless, the majority of studies on the spending patterns of the elderly have analyzed the group as a whole. Most studies use data from the Bureau of Labor Statistics' (BLS) Consumer Expenditure Survey that provides the most extensive, publicly available measure of the spending shares by category. These studies generally conclude that households aged 65-plus spend a larger proportion of their budget on health care, food, furnishings, household operations, fuel and utilities, but spend less on transportation, apparel, reading, recreation and education. On average, four-fifths of the elderly

budget is allocated to health care, food, transportation and housing.

Based upon the 1998 Consumer Expenditure Survey, the young-old expenditures were \$27,800 per consumer unit compared to \$21,000 for the aged 75-and-over group. Expenditures on housing, transportation, health care and food at home were highest for both groups. Housing is the largest expenditure for both groups, but the

Table 11
Elderly Consumer Purchasing Patterns, 1998
Percent of Average Annual Expenditure

	All Consumer Units	Age: 65 & Over	Age: 65-74	Age: 75 & Over
Number of Consumer Units (Thou.)	107,182	21,830	11,874	9,957
Average Annual Expenditure	\$35,535	\$24,721	\$27,830	\$20,987
Percent of Average Annual Expenditure				
Food	13.5%	14.0%	13.9%	14.1%
Food at Home	7.8%	9.2%	8.8%	9.7%
Food Away From Home	5.7%	4.8%	5.1%	4.3%
Alcoholic Beverages	0.9%	0.8%	0.8%	0.7%
Housing	33.0%	33.9%	32.6%	36.0%
Shelter	18.8%	17.3%	16.5%	18.5%
Utilities, Fuels, & Public Service	6.8%	8.8%	8.5%	9.2%
Household Operations	1.5%	1.9%	1.4%	2.6%
Housekeeping Supplies	1.4%	1.6%	1.5%	1.7%
Household Furnishings	4.5%	4.4%	4.7%	3.9%
Apparel & Services	4.7%	3.3%	3.7%	2.6%
Transportation	18.6%	16.3%	17.9%	13.8%
Health Care	5.4%	11.9%	10.5%	14.0%
Entertainment	4.9%	4.2%	4.7%	3.4%
Personal Care Products & Services	1.1%	1.3%	1.2%	1.5%
Tobacco Products & Smoking Supplies	0.8%	0.6%	0.7%	0.4%

Source: Bureau of Labor Statistics, Consumer Expenditure Survey, 1998

Young-old expenditures were \$27,800 per consumer unit compared to \$21,000 for the aged 75-and-over group.

Expenditures on housing, transportation, health care and food at home were highest for both groups.

Those locations with outstanding health care services will have a strong competitive advantage for attracting retirees.



As the baby boomers begin to reach 75 in 2021, the demand for health care of all types will rise tremendously.



Whether they migrate or age in place, boomers will downsize their housing.

aged 75-and-over group spends more of its budget on housing as displayed in Table 11. The most important difference is that the 75-and-over age group spends twice as much of its overall budget (6.6% versus 3.1%) on rented dwellings as the 65-74 group. Another important difference between the groups is health care spending. The 75-and-over group spends 14% of its budget on health care compared to 10.5% for the young old. The last major distinction between the young-old and the old-old groups is transportation spending. The young-old spend 17.9% of its budget on transportation, while the old-old spend just 13.8%.

Why is this important, regionally? One implication is that retirement migration regions must be aware of the importance of health care factors in where the elderly decide to retire. Those locations with outstanding health care services will have a strong competitive advantage for attracting retirees. The baby boomers probably will be more attuned to variations in health care quality and, to a lesser extent, price than any previous generation. Today's migrating retirees already are more discriminating on this issue. However, the potential aging in place of boomers often is overlooked. Those retiring boomers who either choose to age in place or do so for economic reasons will be attracted to quality health care facilities nearby.

Providers of health care products and services must be aware of the locations of retiring boomers. Those who age in place in the Northeast and Midwest will represent a large proportion of the total population. Fading industrial towns such as Cumberland, MD, are becoming retirement communities as young people leave for jobs elsewhere. These communities are not affluent, but health care likely will be a large part of their budgets.

As the baby boomers begin to reach 75 in 2021, the demand for health care of all types will rise tremendously. The immense size of the baby-boomer cohort promises to provide significant growth opportunities to firms in the health care industry. The New West and the New South will become even more important markets as migrating boomers choose to live in these locations.

Aging boomers signal a shift in the demand for new housing. A greater share of new housing construction likely will be nontraditional types of single- and multi-family residences. Whether they migrate or age in place, boomers will downsize their housing. Traditional, planned-retirement communities such as Sun City, AZ, are not likely to be in high demand. The migrating yuppie elderly

boomers will be looking to move to diverse communities with residents of all ages. As the retiring boomers invade, it will present a host of political problems to communities on "wedge issues" such as school funding. There are a number of examples of tax referenda on school funding being voted down in communities with a large retirement population. In some cases, this led to cuts in school services.

Another impact of the likely consumption patterns of retired boomers is on transportation. The elderly spend disproportionately less on light-vehicle purchases. Locations with larger elderly populations will not be targeted for selling new vehicles. Even though most retired boomers will enjoy a healthier, more active lifestyle than previous generations, they will not drive as many miles. Thus, demand for new cars will be lower as vehicles last longer.

The baby boomers' consumption patterns will be somewhat different from today's retirees, especially the well-off group. One of the important differences will be in travel. With their more active lifestyles, boomer retirees will travel the world on luxury cruises, visit gaming resorts, vacation in exotic locales, mountain bike in remote locations and raft down rivers in the American West (Herlihy 1998).

The spending patterns of today's well-off young elderly may be only an approximate gauge of what many boomers will do in retirement. Geodemographic market research firms such as Claritas report that today's well-off elderly spend more than double their budget on travel and travel insurance than the general population. Additionally, they are almost 40% more likely to visit a gaming casino. If yuppie boomer elderly are to follow current trends, the demand for golf courses will rise as well as demand for golf clothing and equipment. Today's well-off elderly spend 60% more of their budget on country club memberships and 45% more on golfing vacations than the average household. Golf magazine is one of the most popular magazines in well-off retirement households. Still, the more active, adventuresome lifestyles anticipated for tomorrow's elderly may relegate golf to a smaller share of a much wider array of active elderly pursuits.

Another area where the baby boomers probably will differ from their predecessors is in the demand for financial services. Less of their retirement income will be derived from defined pensions and

As the retiring boomers invade, it will present a host of political problems to communities on "wedge issues" such as school funding.



Even though most retired boomers will enjoy a healthier, more active lifestyle than previous generations, they will not drive as many miles.



Today's well-off elderly spend more than double their budget on travel and travel insurance than the general population.

While American corporations have been fighting over the yuppie, the soccer mom and the senior markets, they have virtually ignored the fastest-growing market in absolute numbers and one of the most profitable — Hispanics.



The spending patterns of Hispanics statistically are different from those of whites, blacks and Asians, even after taking into account income, family size and age.



The Hispanic market is characterized by the importance of preserving values and lifestyles.

Social Security, and a greater share will come from self-managed assets. Providers of financial services will see an opportunity for marketing to a population of new, affluent retirees. Boomers will attempt to maximize investment income to support unparalleled consumption and provide inheritances for their children and grandchildren. Here again, today's well-off retirees may provide some support for this view: *Money* magazine is one of their most popular magazines.

Hispanics as Consumers

The Hispanic community is one of the most under-appreciated market segments. While American corporations have been fighting over the yuppie, the soccer mom and the senior markets, they have virtually ignored the fastest-growing market in absolute numbers and one of the most profitable. Less research on the tastes, preferences and spending patterns of Hispanics has been undertaken than probably any other major demographic group. That is beginning to change.

The spending patterns of Hispanics statistically are different from those of whites, blacks and Asians, even after taking into account income, family size and age. Moreover, the consumption patterns of Hispanic subgroups appear to differ from one another. Despite these observed differences, most researchers conclude that Hispanics share more similarities as a cultural group than with others outside of it (Paulin 1998). Their similar spending patterns stem from common aspirations, attitudes, beliefs, behaviors, self-perceptions and shared frustrations.

The Hispanic subculture in the United States is comprised of three main groups: Mexicans, Cubans and Puerto Ricans. Immigrants from Central and South America account for a rising share of recent Hispanic arrivals. Mexican immigrants predominately live in Texas, the Southwest and Southern California. Cubans generally live in Miami and South Florida, while Puerto Ricans are heavily concentrated in New York City, New Jersey and other parts of the Northeast corridor. The Hispanic market is characterized by the importance of preserving values and lifestyles. Other common demographic profiles of Hispanics include: They are more likely to live in a metro area; and they are much younger, have more children and are less educated; and they experience greater family stability, have strong Roman Catholic roots and have dominate father figures.

The Spanish language is an important communication bond

Table 12
Hispanic Consumer Purchasing Patterns, 1998
 Percent of Average Annual Expenditure

	All Consumer Units	Hispanic	White	Black
Number of Consumer Units (Thou.)	107,182	9,051	87,623	10,508
Average Annual Expenditure	\$35,535	\$30,013	\$37,328	\$25,440
Percent of Average Annual Expenditure				
Food	13.5%	17.0%	13.2%	14.4%
Food at Home	7.8%	11.2%	7.4%	9.2%
Food Away From Home	5.7%	5.8%	5.8%	5.2%
Alcoholic Beverages	0.9%	0.9%	0.9%	0.6%
Housing	33.0%	33.6%	32.7%	36.0%
Shelter	18.8%	20.5%	18.6%	19.8%
Utilities, Fuels, & Public Services	6.8%	7.0%	6.5%	9.9%
Household Operations	1.5%	1.2%	1.6%	1.3%
Housekeeping Supplies	1.4%	1.3%	1.4%	1.0%
Household Furnishings	4.5%	3.7%	4.6%	4.0%
Apparel & Services	4.7%	6.4%	4.4%	6.7%
Transportation	18.6%	19.8%	18.6%	18.1%
Health Care	5.4%	3.7%	5.6%	4.2%
Entertainment	4.9%	3.8%	5.1%	3.6%
Personal Care Products & Services	1.1%	1.1%	1.1%	1.5%
Tobacco Products & Smoking Supplies	0.8%	0.5%	0.8%	0.8%

Source: Bureau of Labor Statistics, Consumer Expenditure Survey, 1998

In many Hispanic melting-pot metros, there are neighborhoods, such as Atwater Village in Los Angeles, where residents can live most of their lives without speaking or reading English.



between Hispanics. Moreover, frequent use of Spanish helps maintain cultural values and beliefs (Greenberg, Burgoon, Burgoon and Korzeny 1983). In many Hispanic melting-pot metros, there are neighborhoods, such as Atwater Village in Los Angeles, where residents can live most of their lives without speaking or reading English. There are three Spanish-language TV networks and more than 350 newspapers marketed to Hispanics in the United States,

An analysis of Hispanic spending patterns relative to other demographic groups reveals that they spend more on food, utilities and shelter and less on services and health care.



The average Hispanic household spends 11.2% of its budget on food at home, while whites spend 7.4%.



Hispanics display high brand loyalty and tend to use well-advertised, nationally recognized brands.

most of them written in Spanish. The degree to which Hispanics speak Spanish and use the Spanish media are important predictors of their purchasing patterns.

An analysis of Hispanic spending patterns relative to other demographic groups reveals that they spend more on food, utilities and shelter and less on services and health care, even adjusting for income and family size (Fan 1998). It is important to adjust for income and family size because low-income, large households have less discretionary income and will spend more on necessities. In 1998, Hispanic household expenditures averaged \$30,000, compared to \$35,500 for all households and \$37,300 for white households.

Table 12 shows the expenditure shares for Hispanics relative to other demographic groups, from the BLS' 1998 Consumer Expenditure Survey. The average Hispanic household spends 11.2% of its budget on food at home, while whites spend 7.4%. Another important contrast is with black households, which have an average household expenditure lower than Hispanics (\$25,400), but allocate just 9.2% of their budget to food at home. Hispanics even spend slightly more on food away from home, a more discretionary purchase, than the average for all consumers. Apparel is another category where Hispanics allocate more of their budget — 6.4%, versus 4.7% — for all households and 4.4% for white households. Hispanics spend less on health care (3.7%) than all households (5.4%) do. Hispanics also spend less than average on entertainment, most likely because their higher food-at-home spending involves entertaining family and friends.

More detailed data from market research firms provides further insight on Hispanic spending preferences. Hispanic households usually will shop for groceries at large discounters such as Costco, spending an average of \$150 per week, which is 20% above the national average. For convenience food, they typically will visit a 7-Eleven. Among large restaurant franchises they are more likely to frequent a Shakey's or order pizza from Dominos. But, they are also above-average purchasers of clothing at more upscale retailers such as the Gap. Hispanics are four times more likely to watch a boxing match and almost twice as likely to purchase dance music than the average American household. Hispanics are more inclined to purchase *Baby Talk* and *Muscle & Fitness* magazines. Excluding Spanish entertainment, "All My Children" is their favorite television program. Hispanics display high brand loyalty and tend to use well-

advertised, nationally recognized brands. They place faith in the quality of national brand products and are less inclined to accept private brands and generic products.

Differences in expenditure patterns are exhibited by Hispanic subgroups. Many of the differences seem to stem from income or family size. For example, only one in 18 Mexican families are headed by a college graduate while one in nine Puerto Rican households are headed by a college graduate. Mexican families are the largest and Cuban families the smallest. Mexican families spend less than half the percentage of their total expenditures on public transportation as other Hispanic subgroups. Some of the lower spending, however, is attributable to the concentration of Mexicans in Los Angeles and Southern California where there is a lack of efficient public transportation. Mexicans also spend less on entertainment and health care.

But will these distinct consumer purchasing and cultural patterns among the Hispanic population persist? Or will Hispanic spending patterns move closer to the prevailing cultural group? Consumer acculturation is the process in which immigrants adapt to the consumer culture in their new home.

Many factors affect the rate of acculturation. Language, intermarriage, identity, education, age, date of entry into the United States, religion, income, neighborhood and citizen status are among the factors affecting the rate of acculturation (Ali and Natasha Kara 1995). Language appears to be a dominant factor. Hispanics in large numbers speak Spanish at home, work, write and think in Spanish and use the Spanish media. The key issue is whether the children and grandchildren of foreign-born Hispanics will loosen their bond with the Spanish language. The clustering of Hispanics in a few metros and in particular neighborhoods likely will reduce the acculturation rate compared with past immigrant groups. Getting more education, especially college degrees, will be critical to Hispanics' long-term economic well being and rate of assimilation.

Affordable housing is an important issue for Hispanics. As they cluster in Los Angeles, New York, Miami and other large metros, housing costs are rising. Rapid increases in land prices are making it difficult for real estate developers to provide new housing at an affordable price. Compounding the problem, public-supported financing and subsidies are being reduced. Innovative public policy solutions are needed.

Will these distinct consumer purchasing and cultural patterns among the Hispanic population persist?



The clustering of Hispanics in a few metros and in particular neighborhoods likely will reduce the acculturation rate compared with past immigrant groups.



Getting more education and, especially college degrees will be critical to Hispanics' long-term economic well being and rate of assimilation.

Hispanic involvement in the political process is evolving. Hispanics are under-represented in political office and influence, relative to their share of the population, both nationally and locally.



The Asian market, generally thought to be too small by market researchers just 20 years ago, has exploded in recent years.



The Asian market is becoming more attractive to upscale marketers because of its higher education, income and greater wealth.

Hispanic involvement in the political process is evolving. Hispanics are under-represented in political office and influence, relative to their share of the population, both nationally and locally. Much of this is due to low voter registration and turnout. Issues critical to Hispanics are beginning to alter this situation. In California, the reaction to the passage of Proposition 187 — which sought to cut off illegal immigrants from all but emergency health care services and remove their foreign-born children from public schools — was a galvanizing issue. More Hispanic leaders are emerging as important political office holders and Hispanic voting rates are rising. Many Hispanics are liberal on social issues, and tend to vote Democratic. But this is not uniformly the case. Witness their support for Republican George W. Bush in the last Texas gubernatorial contest. Many also express support for traditionally conservative issues.

Asian Consumers Emerge

If little research has been done on Hispanic consumers, academic and market researchers have virtually ignored the Asian population. But the Asian market, generally thought to be too small by market researchers just 20 years ago to warrant much research, has exploded in recent years. Limited data from government agencies and other public sources hindered thorough quantitative analysis of Asian tastes, preferences and consumption patterns. For example, the BLS does not release separate information on Asians in their standard tables from the Consumer and Expenditure Survey.

The Asian market is becoming more attractive to upscale marketers because of its higher education, income and greater wealth. Although Asians comprise slightly less than 4% of the U.S. population, they account for 7% of the richest 1% of U.S. households (Weicher 1997). Another attractive characteristic is that Asians are concentrated in the large metros of New York, San Francisco and Los Angeles. Many market strategists believe that this allows them to identify and target the community more easily. California alone is home to 40% of the country's Asian population. On the other hand, a greater proportion of Asians live below the poverty level, reflecting the low skill levels of many recent immigrants.

One of the difficulties in reaching the Asian market is its diversity. The U.S. census lists 16 different classifications for Asian Americans. Numerous cultures, religions and languages have discouraged marketers from trying to capture Asian subgroups. However, the challenge seems less daunting when you consider that six groups

account for nearly 90% of the Asian Market: Chinese, Filipino, Japanese, Asian Indians, Koreans and Vietnamese. One of the key differences between the Hispanic and Asian populations is that Hispanics share a common language, while Asians do not.

The research performed on Asian households indicates that they are likely to spend more on housing and less on services than the general population. Asian households tend to place importance on family togetherness, leading to less need for commercial services. The central role of the family explains some of the high spending on shelter. Many Asian families believe that a home displays the family's stature and economic position (See Jessie Fan). Another explanation is Asians' strong saving and investment patterns, since they perceive housing to be an investment rather than a consumption item. However, some of this spending on housing probably is attributable to the high housing costs in coastal California, where many Asians live.

Although Asians are a smaller demographic group than Hispanics, the subgroups are large enough to allow them to maintain their language and aspects of their culture. There are cities, such as Monterey Park east of Los Angeles, where Asians represent more than 50% of the population. Smaller, more dispersed ethnic minorities have greater difficulty maintaining ties with their origin country yet retain key elements of their culture, including language. Asians speak their native language at a high rate, regardless of country of origin or where they settle in the United States. Nearly 85% of Asian immigrants speak their native language, with 35% speaking it exclusively, while only 15% speak English exclusively.

Most studies conclude that Asians are brand-loyal customers and are more likely to purchase nationally advertised products than the average white household. The proliferation of Asian TV networks and newspapers appear to help establish branding. Advertisers are finding that most Asian households respond favorably to messages that stress reputation, quality and reliability. Tradition also plays a key role in many Asian households. Advertising that stresses a product as "new and improved" may not be well received. Asians are important consumers of financial services, new vehicles, telecommunications, spirits and wine (Cunningham 1999). Many major banks and credit card issuers have opened multilingual call centers in an attempt to capture more of the Asian market for financial services.

Asians appear to exhibit a more rapid acculturation rate than

One of the key differences between the Hispanic and Asian populations is that Hispanics share a common language, while Asians do not.



Although Asians are a smaller demographic group than Hispanics, the subgroups are large enough to allow them to maintain their language and aspects of their culture.



Asians appear to exhibit a more rapid acculturation rate than Hispanics, although a lower one than earlier immigrant groups.

The children of Asian immigrants seem to adopt key attributes of the American culture faster than Hispanic groups.



Hispanics, although a lower one than earlier immigrant groups. Higher rates of college attendance and graduation among most Asian groups expose them to the prevailing culture. Asians with higher education have the income to purchase residences in non-Asian-dominated neighborhoods and expose their children to a "suburban" experience. The children of Asian immigrants seem to adopt key attributes of the American culture faster than Hispanic groups. However, this may be attributable more to income differences than culture.

NEW REGIONAL DEMOGRAPHICS

The regional demographic shifts revealed in this Policy Brief make plain that the aging of the baby boomers coupled with continued waves of new immigrants will not lead to either a "nation of Floridas" or a "nation of Californias." Rather, new regional divisions will take on very different age and race-ethnic profiles that will have important implications for the labor markets, consumer behavior, politics and the assimilation of ethnic groups in the new century.

When juxtaposing these boomer-driven and immigrant-driven regional patterns, one can envision regions made up of younger, multi-ethnic and culturally vibrant communities in contrast to more staid, less-diverse, middle-aged, more suburban-like parts of the country. One example of how these demographic shifts might play out is revealed in the projected racial compositions, at different ages, in two states: California and Utah. Making the strong assumption that current immigration and domestic migration patterns will continue for the next 25 years, the 2025 race-ethnic profile in California shows Anglos hanging on to a slight majority of the Golden State's elderly population. Yet the 2025 working-age population is dominated by Hispanics and Asians and only one out of four children are Anglos. In contrast, Utah's projected 2025 population remains predominantly white at all ages.

These two states will differ dramatically in their demands for educational services, labor force requirements and elderly support. In melting-pot states like California, a racial generation gap may emerge where largely Hispanic and Asian working-aged residents will be more willing to devote government resources to the needs of children than to the largely white elderly population. In states such as Utah, greater emphasis will be given to middle-class tax breaks and the solvency of the Social Security system than to preserving affirmative-action laws or maintaining bilingual education. Already the new migration patterns in the melting-pot and heartland states are affecting politics and voting. Recent elections in the New West have favored conservatives and Republicans, while the 1998 election in California, backed by Hispanics and Asians, led to statewide Democratic gains (Tilove 1999).

The aging of the baby boomers coupled with continued waves of new immigrants will not lead to either a "nation of Floridas" or a "nation of Californias."

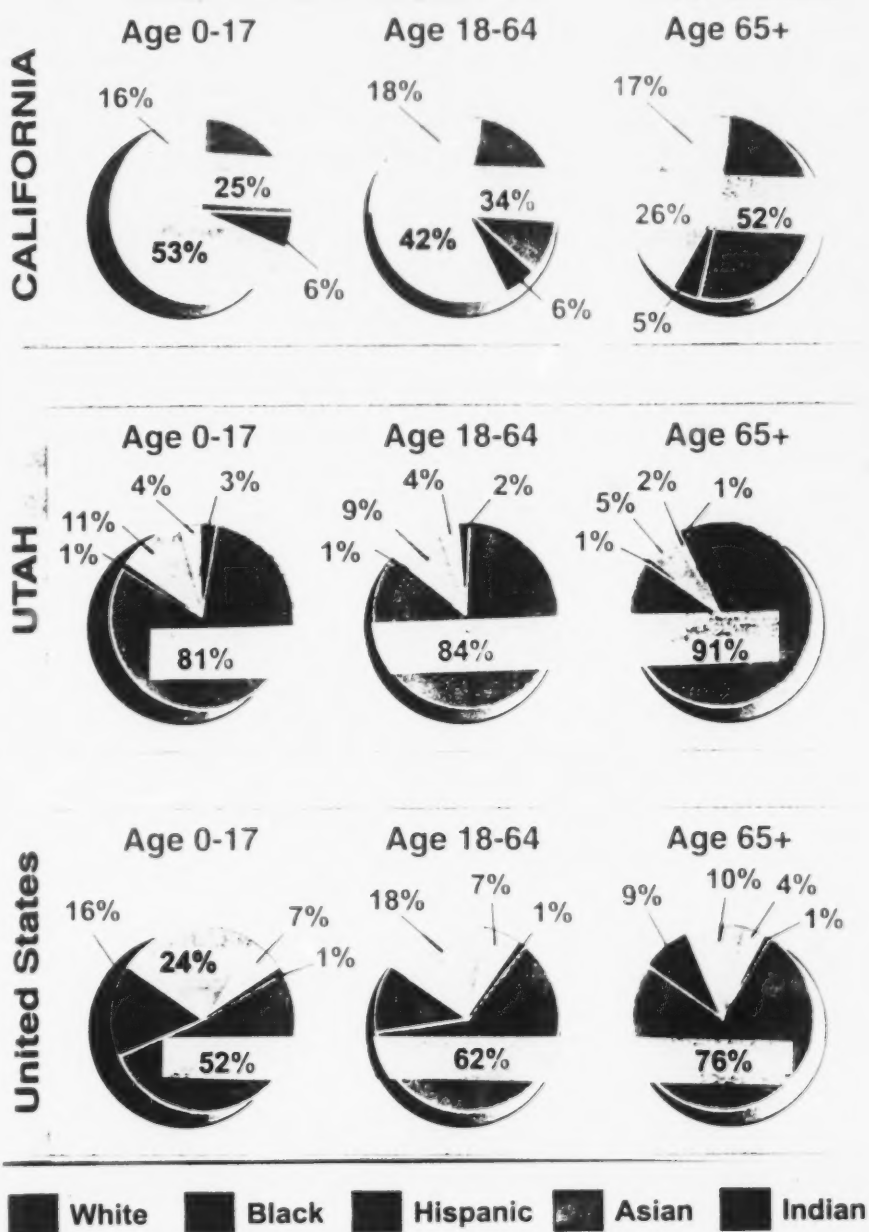


In melting-pot states like California, a racial generation gap may emerge where largely Hispanic and Asian working-aged residents will be more willing to devote government resources to the needs of children than to the largely white elderly population.



Already the new migration patterns in the melting-pot and heartland states are affecting politics and voting.

Figure 10
Projected Year 2025 Race-ethnic Compositions for
Child, Working Age and Elderly Populations



Source: Milken Institute, U.S. Census Bureau

What these projections show is that the national race-age profiles, shown in the lower panel of Figure 10, do not apply to metropolitan areas in California, Utah or most other individual states. National "one size fits all" strategies taken by government agencies, political parties, restaurant chains or other organizations are not appropriate. They need to focus on these emerging regional divisions.

While this multiple melting-pot view of America identifies a new regional divide, our use of this term is not meant to imply that increased divisions will occur among racial and ethnic groups. In fact, the concentration of large numbers of new racial and ethnic minorities along with whites and blacks within the high immigration regions should lead to a greater incorporation of these groups into distinctly different, individual melting-pot metropolitan areas. Groups as diverse as Mexicans, Central Americans, Koreans, Indians and Vietnamese may take a different form than the familiar patterns of the Irish, Italians, Poles and Jews at the turn of the previous century. Segregation for these new groups within port-of-entry regions (Frey and Farley 1996), their occupational niches (Waldinger 1996) and, for some groups, low levels of political clout (Estrada 1996) will make their road to full economic and political incorporation long and arduous. Still, evidence shows that second-generation children will be more likely to speak English well and identify as Americans. This suggests a potential for acculturation and mobility (Portes and Rumbaut 1996). The increased interaction between immigrants and longer-term resident whites, blacks and other race-ethnic minorities will bring about conflict, but also will create new melting pots that will exist only within the high immigration metros.

One demographic phenomenon, which will promote ethnic blending within these melting-pot regions, is inter-racial marriage. Statistics from the census Bureau's 1998 Current Population Survey (Figure 11) show that mixed-race marriages are clustered in California. California is home to 11% of all married couples in the United States, but is home to 23% of all mixed-race couples, 25% of mixed-race couples involving Hispanics, and 31% of mixed-race couples involving Asians. Hispanic mixed-race couples are also numerous in Texas, Florida and New York. More than half of all mixed-race marriages involving Hispanics are located in those four states.

Hispanics and Asians are more likely to choose a spouse from another race if they are younger, more educated, have higher

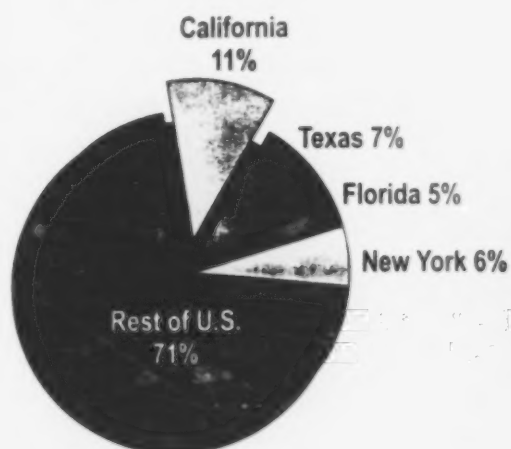
The concentration of large numbers of new racial and ethnic minorities along with whites and blacks within the high immigration regions should lead to a greater incorporation of these groups into distinctly different, individual melting-pot metropolitan areas.



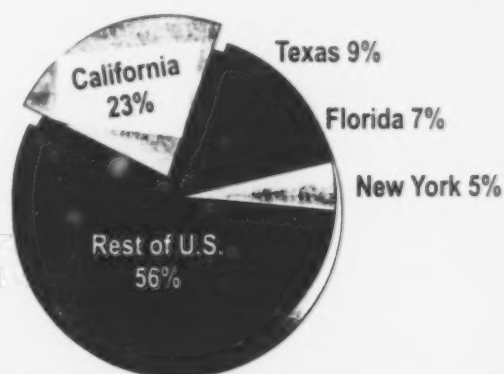
California is home to 11% of all married couples in the United States, but is home to 23% of all mixed-race couples.

Figure 11
Geographic Distribution of Mixed-Race Marriages, 1998

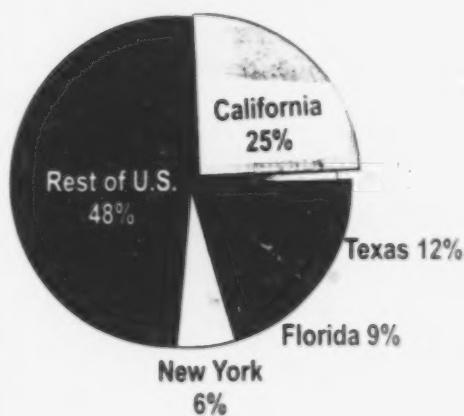
All Married Couples



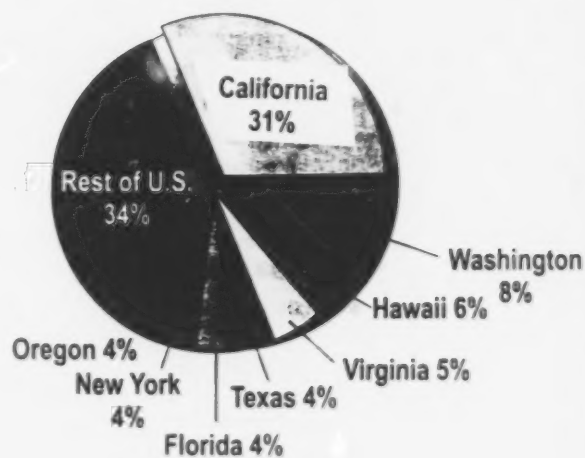
Mixed-Race Couples



Hispanic Mixed Race

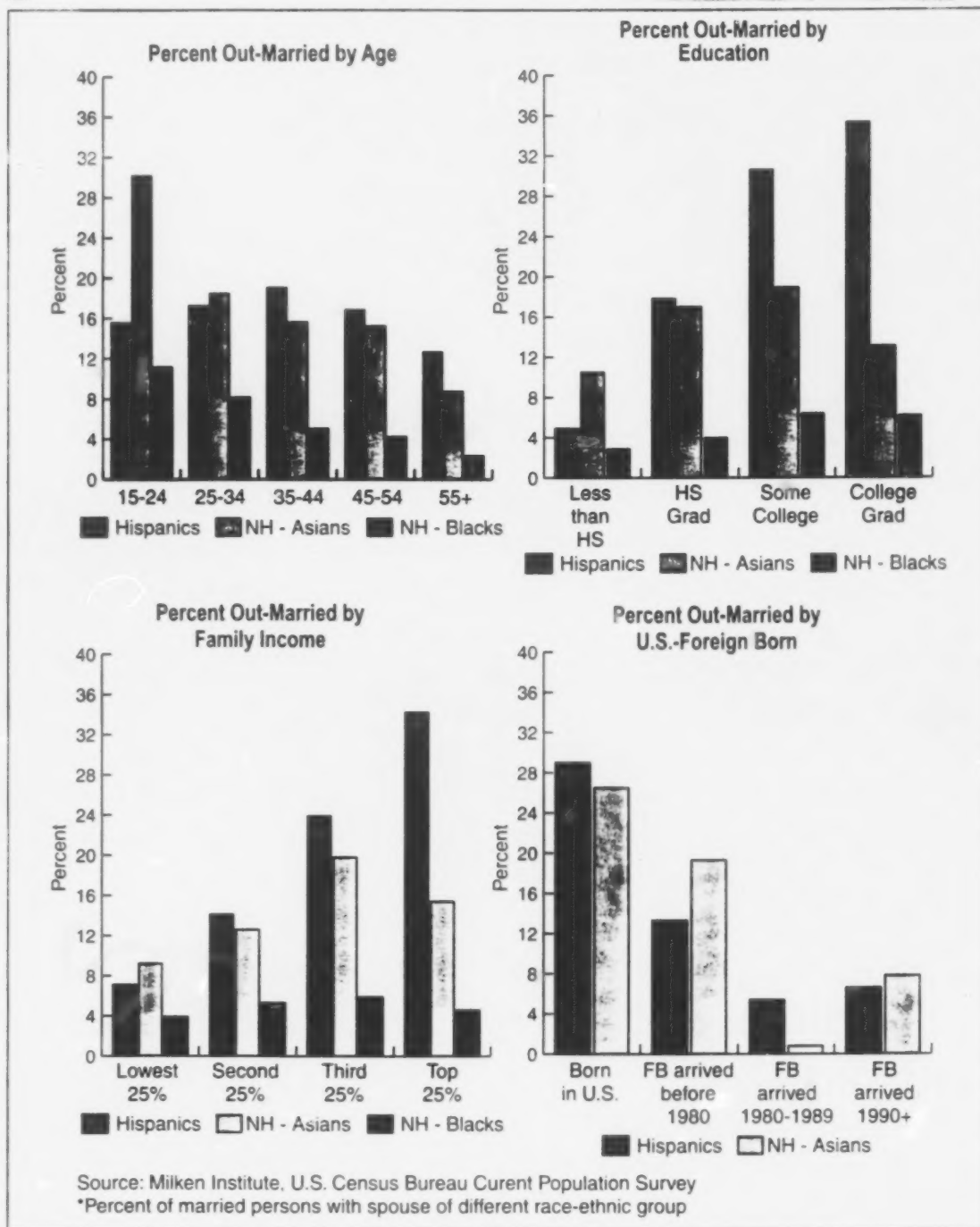


Asian Mixed Race



Source: Milken Institute, U.S. Census Bureau Current Population Survey

Figure 12
Percent Out-married for Hispanics, Asians and Blacks,* 1998



The single melting-pot model of America in the previous century needs to give way to one of multiple melting pots in the new one.

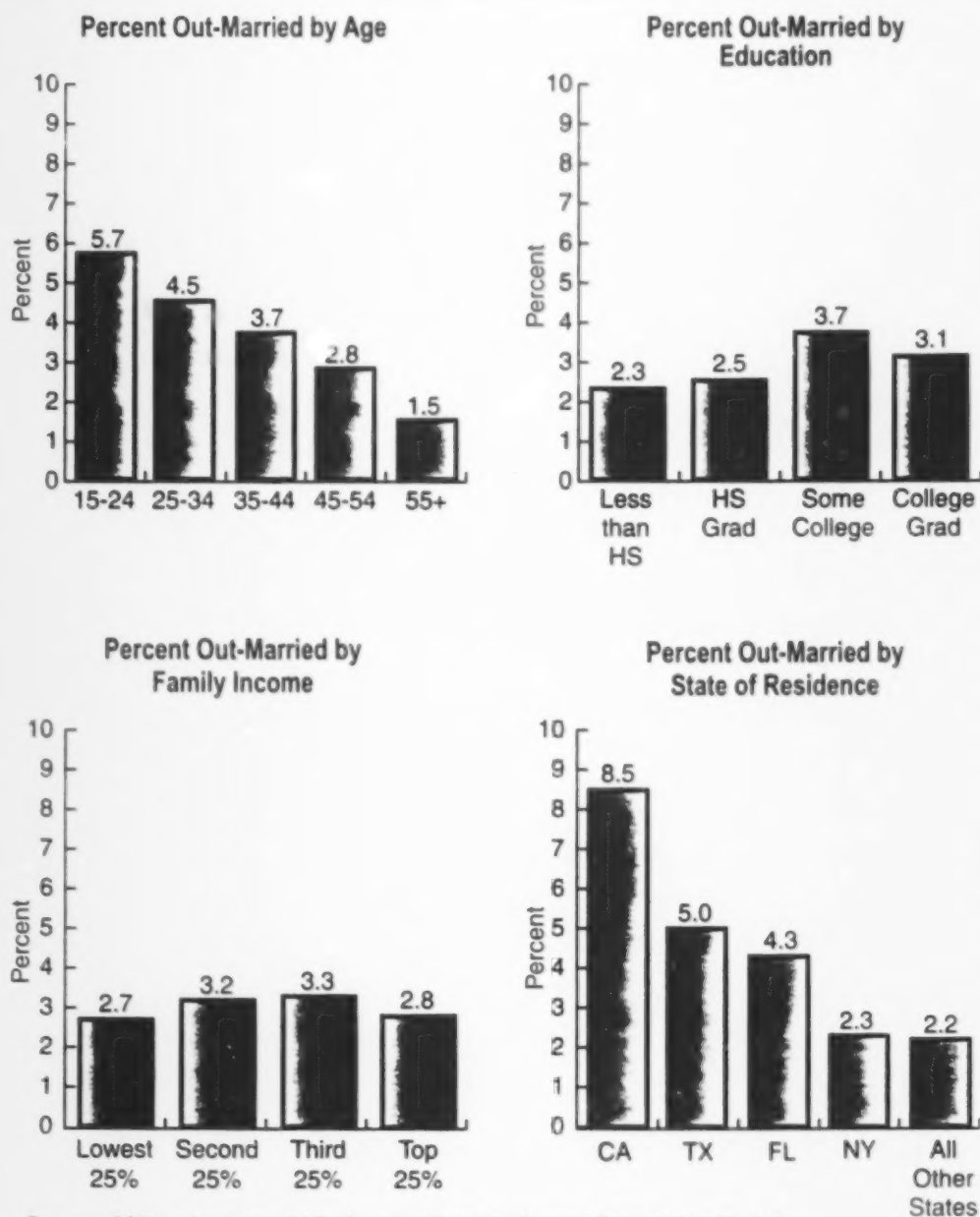


An understanding of how these two distinct social geographies relate to each other represents a challenge to politicians, business leaders and educators as they prepare for global economic opportunities in the new century.

incomes and were born in the United States. By and large, they are far more likely to marry across racial lines than blacks (see Figure 12). Among whites, the probability of marrying a minority is less associated with education or income (see figure 13). It is most likely among those of the Generation X age. The fact that out-marriage among whites reaches significant levels only in California, and to a lesser degree in Texas and Florida, suggests that inter-racial blending is largely a phenomenon of melting-pot states and regions, rather than the national phenomenon that some would suggest (Stanfield 1997).

In this policy brief we have drawn from the most recent statistics to put a regional lens on the demographics of baby-boomer aging and the continued immigration of new ethnic minorities. The single melting-pot model of America in the previous century needs to give way to one of multiple melting pots in the new one. These new regions will be located largely in California, Texas, parts of the Southwest, Southern Florida, the upper eastern seaboard and Chicago. The cultural and demographic tapestry evolving in these regions will differ sharply from the older, more middle-class and white or white-black America that is emerging in much of the rest of the country. An understanding of how these two distinct social geographies relate to each other represents a challenge to politicians, business leaders and educators as they prepare for global economic opportunities in the new century.

Figure 13
Percent of Out-married for Whites,* 1998



Source: Milken Institute, U.S. Census Bureau Current Population Survey

*Percent of white married persons with non-white spouse.

REFERENCES

Belkin, Douglas, "State Losing Luster As Retiree Mecca," *The Palm Beach Post*, April 25, 1999, p. 1a.

Bures, Regina M., "Migration and the Life Course; Is There a Retirement Transition?" *International Journal of Population Geography*, Vol. 3 (1997), pp. 109-119.

Burgess, Phillip M. and O'Donnell, Richard F., "How the West is Defining America's Future," *Western Political Outlook*, Summer, 1998, pp. 2-5.

Cunningham, Dwight, "One Size Does Not Fit All." *ADWEEK Eastern Edition*, Nov. 15, 1999.

DeVol, Ross C., "America's High-Tech Economy: Growth, Development and Risks for Metropolitan Areas," *Milken Institute Research Report*, July 13, 1999.

DeVol and Posner, Christopher, "Population and Demographic Changes and How They Will Impact the United States Economy," *Macro Special Study, The WEFA Group*, March, 1993.

Estrada, Leo F., "Demographic Limitations to Latino Political Potential in San Diego," *Latino Politics in California*, ed. Anibal Yanez-Shavez, San Diego: The University of California Center for U.S.-Mexican Studies, 1996, pp. 73-87.

Fan, Jessie X. "Ethnic Differences in Household Expenditure Patterns," *Family and Consumer Sciences Research Journal*, Vol. 26, No. 4, June 1998, pp. 371-400.

Frey, William H., "Immigration and Internal Migration Flight: A California Case Study" *Population and Environment*, Vol. 16 (4), pp. 353-75.

Frey, "Immigration, Domestic Migration and Demographic Balkanization in America," *Population and Development Review*, Vol. 22 (4), 1996, pp. 741-763.

Frey, "Black Migration to the South Reaches Record Highs in the 1990s," *Population Today*, Vol. 26 (2), Population Reference Bureau, Feb. 1998, pp. 1-3.

Frey, "The Diversity Myth," *American Demographics*, June 1998, pp. 38-43.

Frey, "New Demographic Divide in the US: Immigrant and Domestic Migration 'Migration Magnets,'" *The Public Perspective*, Vol. 9 (4), 1998, pp. 25-30.

Frey and Liaw, Kao-Lee, "Immigrant Concentration and Domestic Migrant Dispersal: Is Movement to Nonmetro Areas 'White Flight?'," *The Professional Geographer*, Vol. 50 (2), 1998, pp. 215-232.

Frey and Liaw, "The Impact of Recent Immigration on Population Redistribution within the United States," eds. James P. Smith and Barry Edmonston, *The Immigration Debate: Studies of the Economic, Demographic and Fiscal Effects of Immigration*, Washington, DC: National Academy Press, 1998, pp. 388-448.

Frey and Farley, Reynolds, "Latino, Asian and Black Segregation, Are Multi Ethnic Areas Different?", *Demography*, Vol. 33 (1), 1996, pp. 35-53.

Greenberg, Bradley S., Burgoon, Michael and Judee K. and Korzeny, Felipe, *Mexican Americans and the Mass Media*, Ablex. Norwood, N.J., 1983.

Herlihy, Bernie. "Targeting 50+: Mining the Wealth of an Established Generation," *Direct Marketing*, Nov. 1998.

Kara, Ali and Natasha R., "Ethnicity and Consumer Choice: A Study of Hispanic Decision Processes Across Different Acculturation Levels," *Journal of Applied Business Research*, Vol. 11 (2), 1995, pp. 22-34.

Kotkin, Joel, *California: A Twenty First Century Prospectus*, Denver: Center for the New West, 1997.

Martin, Phillip and Midgley, Elizabeth, "Immigration to the United States" *Population Bulletin*, Vol. 54 (2), Population Reference Bureau, 1999.

Miller, C., *Marketing News*, May 10, 1993, p. 6.

National Academy On An Aging Society, *Demography Is Not Destiny*, Washington, DC., 1999.

Parks, Kyle, "The Golden Years: Romancing the Retiree," *St. Petersburg Times*, April 11, 1999, p. 1a.

Paulin, Geoffrey D., "A Growing Market: Expenditures by Hispanic Consumers," *Monthly Labor Review*, March 1998

Peterson, Peter G., *Will America Grow Up Before It Grows Old*, New York: Random House, 1996.

Peterson, Gray Dawn: *How the Coming Age Wave Will Transform America - and the World*, New York: Times Books, 1998.

Portes, Alejandro and Rumbaut, Ruben G., *Immigrant America: A Portrait*, Berkeley, CA: University of California, 2nd ed., 1996, Chapter 7.

Quinn, Joseph F., "Retirement Trends and Patterns in the 1990's: The End of an Era?" *The Public Policy and Aging Report*, Vol. 8 (3), Summer 1997, pp. 10-19.

Radner, Daniel B., "The Retirement Prospects of the Baby Boom Generation," *Social Security Bulletin*, Jan. 1998, pp. 3-19.

Russell, Cheryl, *The Master Trend: How the Baby Boom Generation is Remaking America*, New York: Plenum Publishing, 1993.

Salins, Peter D., *Assimilation American Style*, New York: Basic Books.

Savageau, David, *Retirement Places Rated*, New York: IDG Worldwide, 5th ed., 1999.

Smith, James P. and Edmonston, Barry, eds., *The New Americans: Economic, Demographic and Fiscal Effects of Immigration*, Washington, DC: National Academy Press, 1997.

Stanfield, Rochelle, "The Blending of America," *The National Journal*, Vol. 29 (37), 1997.

Stanfield, "The Aging of America," *The National Journal*, July 20, 1996, pp. 1578-1583.

Tilove, Jonathan, "The New Map of American Politics," *The American Prospect*, May/June 1999, pp. 34-42.

Waldinger, Roger, "Ethnicity and Opportunity in the City," eds. Roger Waldinger and Mehdi Bozorgmehr, *Ethnic Los Angeles*, New York: Russell Sage, 1996, Ch. 15

Weicher, John C., "The Rich and Poor: Demographics of the U.S. Wealth Distribution," *Federal Reserve Bank of St. Louis Review*, July/August 1997.



MILKEN INSTITUTE

1250 Fourth Street • Santa Monica, California 90401

Phone (310) 998-2600 • Fax (310) 998-2627 • E-MAIL info@milken-inst.org
www.milken-inst.org